





## Consider Role for UN Force

## Carter, Waldheim Discuss Sinai

WASHINGTON, July 31 (NYT) — President Carter indicated yesterday to UN Secretary-General Kurt Waldheim that the United States continued to seek United Nations supervision of Israeli troop withdrawals from the Sinai.

"The two leaders discussed the question of a continued UN presence in the Sinai," said a statement issued after Mr. Carter and Mr. Waldheim met for 50 minutes at the White House. "The United States will remain in close touch with the secretary-general and his staff."

Meanwhile, Carter administration officials said that it appeared unlikely that a meeting between the United States, Egypt and Israel on the Sinai force problem could be held before next week. The issue has severely strained relations between the United States and Israel.

U.S. officials said that the fact that President Carter had asked Mr. Waldheim to come to Washington at this stage of the dispute and the reference to a continued UN presence in the Sinai could be taken as a clear signal that the United States would look for a solution involving the UN.

## Firm Indication Seen

An official said that Mr. Waldheim's visit and the statement afterward constituted "a low-key but firm way of indicating that we're going to move ahead" in cooperation with the United Nations.

Since the mandate of the 4,000-man UN Emergency Force (UNEF) expired last week because of Soviet opposition to its renewal, Israel has demanded that the United States establish an international peace force outside UN auspices to monitor the Sinai withdrawal.

But the United States thus far has insisted that the UN Truce Supervision Organization (UNTSO) could carry out the functions prescribed in the Egyptian-Israeli peace agreements as effectively as the UN Emergency Force, which originally was considered for those tasks.

## Israel Fears Withdrawal

UNTSO has served in the Middle East since it was deployed after the first Arab-Israeli war in 1948. Responsible directly to the secretary-general, it does not have to seek renewal of its mandate every six months as UNEF had to do.

Israel has said that it fears that Mr. Waldheim, possibly under Soviet pressure, would withdraw an UNTSO team in a crisis. But in closed sessions with the U.S. Senate Foreign Relations and House Foreign Affairs committees yesterday, Mr. Waldheim reportedly said that the force could not be withdrawn without the concurrence of the UN Security Council.

"We feel that UNTSO can be a viable United Nations alternative

to UNEF," Hoddging Carter 3d, a State Department spokesman, said yesterday. "The Israelis have expressed a different viewpoint. We wish to have a thorough discussion so that the solution can be found." He said that this was a far less serious problem than those that were overcome in concluding the Israeli-Egyptian peace agreements.

The spokesman also said that, "on the basis of other circumstances and our discussions to date," it was unlikely that the meeting with Egypt and Israel suggested Sunday by Secretary of State Cyrus Vance could be held this week.

Those circumstances included the scheduling of the next round of Egyptian-Israeli talks on Palestinian autonomy on the West Bank for next Sunday and Monday and the discussions of Sinai matters already under way between the Egyptian and Israeli defense ministers.

## Egypt Cites Difficulty

Israel immediately accepted Mr. Vance's invitation and designated Foreign Minister Moshe Dayan as its representative. Egypt said that it would have difficulty in sending a high-level official to Washington as early as the end of this week, which Mr. Vance had suggested.

Egypt's minister of state for foreign affairs, Boutros Ghali, also said yesterday that his government would seek clarification on the purpose for the meeting before accepting.

Administration officials said, however, that they believed that the session could be held next week and they expressed confidence that a satisfactory solution could be found for the problem.

Mr. Vance was occupied most of yesterday at the Senate Armed Services Committee's hearings on the strategic arms limitation treaty with the Soviet Union, so a meeting that he had scheduled with Mr. Waldheim at the State Department was canceled.

Warren Christopher, the deputy secretary of state, participated in the White House discussion between President Carter and Mr. Waldheim, along with Zbigniew Brzezinski, the president's national security adviser, and Andrew Young, the U.S. ambassador to the United Nations, among others.

## Dayan, Weizman at Odds

TEL AVIV, July 31 (UPI) — A dispute has arisen here between Foreign Minister Moshe Dayan and Defense Minister Ezer Weizman over the Sinai force issue, Israeli sources said today.

Mr. Weizman reportedly sides with the United States in its compromise with the Soviet Union to replace UNEF with UNTSO. The defense minister, a former air force commander, is willing to be more flexible in his approach to Egypt now that it has signed a peace treaty with Israel, the sources said.

Mr. Dayan, apparently with the support of Prime Minister Menachem Begin, insists that Egypt and the United States comply with all of the commitments in the treaty, including the stationing of a major multinational force between the Egyptian and Israeli armies in the Sinai and strict adherence to the military provisions in the pact.

## All Ends Israel Visit

TEL AVIV, July 31 (Reuters) — Defense Minister Kamal Hassan Ali of Egypt ended a three-day official visit to Israel today and said that some of the differences remaining between the two countries had been resolved.

Insisting that the problems were minor, Gen. Ali said that their resolution indicated the readiness of both countries for peace. "We are friends, and we discussed everything frankly," he said, referring to his discussions with Defense Minister Ezer Weizman of Israel.

## Knesset Unit Rules

## On Flatto-Sharon

TEL AVIV, July 31 (AP) — A Knesset committee has recommended that Deputy Samuel Flatto-Sharon be stripped of parliamentary immunity so he can stand trial on charges of vote-buying during the 1977 elections, Israeli radio reported.

Mr. Flatto-Sharon, a financier, ran for the Knesset to avoid extradition to France to launch investigations on the basis of "facts that reasonably indicate" a violation of law. It prohibits investigations based on an individual's political or religious beliefs and it bans investigations of peaceful protests.

The proposed charter would authorize the FBI to launch investigations on the basis of "facts that reasonably indicate" a violation of law. It prohibits investigations based on an individual's political or religious beliefs and it bans investigations of peaceful protests.

There was no immediate indication how houses and work might be found for the refugees in a country where tens of thousands are homeless and jobless, victims of an escalating war with black nationalist guerrillas. Its own population has been drained by a quarter-million war refugees.

A Mozambique aide said the Vietnamese could be involved in agricultural and fish stocking projects. "This is a criminal move," Luka Mpolita, a 24-year-old jobless laborer, said outside Parliament when the announcement was made. "Why look after other foreign people when there are thousands with no jobs like me?"

Latest official statistics here show less than a million of the 7 million inhabitants held jobs last year.



Eschel Rhodie leaves Aix-en-Provence courtroom yesterday.

## Rhodie's Extradition Hearing In France Adjourned for Week

AIX-EN-PROVENCE, France, July 31 (Reuters) — The extradition hearing of former South African information chief Eschel Rhodie was today adjourned until next Tuesday so that defense lawyers could study prosecution documents.

Mr. Rhodie was arrested in France 12 days ago on an international warrant issued by South Africa. He is wanted for alleged involvement in the "Muldergate" slush-fund scandal, which eventually forced the resignation of President John Vorster.

The affair involved a propaganda campaign in which the South African Information Department illegally used millions of rands of public funds. Mr. Rhodie's lawyer, Henri Vincent, asked the court to adjourn the hearing. He said the prosecution's dossier was very lengthy and he needed time to study it. The documents also had to be translated, he said.

Mr. Rhodie appeared in court handcuffed to a policeman. His wife, Kaie, was at the hearing.

The tall, tanned former information chief fled South Africa in November and was arrested by French police in a villa on the Riviera.

After the hearing, which was to have made a recommendation as to whether or not Mr. Rhodie should be extradited, Mrs. Rhodie refused to give interviews to journalists.

"Whenever I talk to the press, they slant it against my husband," she said.

## To Be Resettled in Italy

## 700 Vietnamese Rescued By 3 Ships Near Malaysia

KUALA LUMPUR, Malaysia, July 31 (UPI) — Three Italian ships rescued 700 sick and hungry Vietnamese refugees today as heavy winds and rains threatened their crowded boats in the South China Sea. It was the largest group rescued since the Geneva conference on refugees 10 days ago.

One Italian official said all the refugees were driven out to sea by Malaysian troops. But Malaysian Home Affairs Minister Mohammed Ghazali bin Shafie said earlier no refugees had been ejected from the east coast since the Geneva conference.

Although the seas were fairly calm a typhoon, designated "Hope" with center winds of 118 mph (189 kph), was moving toward the South China Sea and may soon hamper rescue operations.

Observers and officials said it is not known how many refugees are still on the open seas, but any caught in typhoon conditions would not have a chance.

"The typhoon will obviously complicate things terribly," said a U.S. Navy spokesman in the Philippines. "We are trying to find refugees and be of assistance to them."

In Hong Kong, 700 Vietnamese were moved in their rundown boats to a government dockyard to escape the typhoon triggered rains.

Meanwhile the Norwegian tanker Mundogas Atlantic is due to arrive in Japan on Friday with 56 refugees from the South China Sea who will be resettled in other countries.

In Manila, authorities said a 1,200-acre island is ready for temporary resettlement by refugees. Tura Island, southwest of Manila, will receive its first refugees Aug. 7 when 800 will be transferred from the Hong Kong freighter Tung An stranded in Manila Bay for months.

Rhodesia Offers Help

SALISBURY, July 31 (AP) — Zimbabwe Rhodesia today announced it would provide homes for 1,000 Vietnamese boat people "in the interests of humanity and Christian principles."

Prime Minister Abel Muzorewa, announcing the plan in Parliament, called on other African states to follow his country's example and "give homes to the thousands of Vietnamese refugees now suffering terrible privations in refugee camps and on the high seas."

There was no immediate indication how houses and work might be found for the refugees in a country where tens of thousands are homeless and jobless, victims of an escalating war with black nationalist guerrillas. Its own population has been drained by a quarter-million war refugees.

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Cardinal Carberry Quits

VATICAN CITY, July 31 (AP) — Pope John Paul II has accepted the resignation of Cardinal John Carberry as archbishop of St. Louis, Mo., the Vatican said today. His successor has not yet been named.

## Kissinger Backs SALT Treaty But With 3 Major Conditions

WASHINGTON, July 31 — Former Secretary of State Henry Kissinger, saying the "military balance is beginning to tilt ominously against the United States," today endorsed the SALT-2 treaty, but with three conditions.

In testimony to the Senate Foreign Relations Committee, Mr. Kissinger said the Senate should delay action on the treaty until it obtains an enforceable commitment from the Carter administration for a substantial upgrading of the nation's defense systems.

Pressed to elaborate on how he would vote on the treaty, Mr. Kissinger said, "If the issue were simply up or down, then I think should not happen, then I would recommend the Senate hold it over until it can find a condition that would encourage my consent."

Without that, asked Sen. Joseph Biden, D-Del., "then you would vote no?"

"Then I would vote no," Mr. Kissinger replied.

Mr. Kissinger said he thought the administration could resolve the problem by submitting to Congress a supplemental budget request and a five-year defense program for action before a final vote on the treaty.

Sen. Jacob Javits, R-N.Y., challenged the suggestion. "I don't believe it would serve our interest to lay this over while we fight over a suitable arms program," said Sen. Javits.

In his opening statement to the committee, Mr. Kissinger said, "After much reflection I have concluded that I can support ratification only with three conditions:

"First, if it is coupled with a defense program representing an obligatory understanding between the Congress and the president which overcomes on an urgent basis the grave peril posed by the current military balance.

"Second, if it is accompanied by amendments not requiring renegotiation — clearing up ambiguities in the treaty, defining the status of the protocol, the meaning of non-circumvention and setting guidelines for follow-on negotiations.

"And third, if it is accompanied by a vigorous expression of the Senate's view of the linkage between SALT and Soviet geopolitical conduct."

Mr. Kissinger also said the Senate should obtain binding assurances from the administration that it will proceed with major steps to improve defense forces.

"The program must include accelerated development of a counterforce capability through the MX and Trident 2, air defense against [the Soviet] Backfire [bomber], immediate steps to restore the nuclear balance and urgent measures to beef up our capacity for regional defense including accelerated modernization and expansion of our Navy," he said.

Vance Testimony

Meanwhile, Secretary of State Cyrus Vance, responding to pressure from numerous senators, said yesterday that the Carter administration will seek a substantial increase in the 1981 defense budget to make good on its year-old commitment to NATO to increase defense spending by 3 percent a year after inflation.

Testifying before the Senate Armed Services Committee on the SALT treaty, Mr. Vance acknowledged

that the effects of unexpectedly high inflation plus congressional cuts have prevented the administration from meeting the 3 percent commitment this year. "It is essential that we carry out that commitment," he said.

According to the calculation of an aide to Sen. Sam Nunn, D-Ga., who has demanded increased defense spending as the price of his vote for SALT-2, the administration would have to add \$4 billion or \$5 billion to the fiscal 1981 defense budget to reach the 3 percent target, on top of increases already projected.

Mr. Vance told the committee that a general consensus on the need for more military spending is "a benefit that will come out of these hearings."

Last week Sen. Nunn recommended a real annual increase of 4 to 5 percent in the defense budget for the foreseeable future. The White House is hopeful that it can find a formula for increased spending that will satisfy Sen. Nunn.

Senators have echoed Sen. Nunn's position. "More defense spending has emerged as the dominant theme of the SALT hearings, enunciated first by Mr. Vance and Defense Secretary Harold Brown at the opening of hearings in the Foreign Relations Committee three weeks ago."

In his testimony yesterday, Mr. Vance was challenged by Sen. Henry Jackson, D-Wash., on the administration's claim for the "new type" definition in the new treaty. This limits both superpowers to a single, entirely new type of land-based rocket during the life of the treaty (which expires at the end of 1985), but permits replacement of existing rockets provided they do not change from existing models in

certain key characteristics such as range, accuracy, and payload. Sen. Jackson claimed that provision is so loosely drafted that the Russians would be able to play four new rockets to their existing models.

If so, Mr. Vance replied would not change missile position. It would make a vast difference.

Later, under questioning, John Culver, D-Iowa, confirmed that with the explosive power and effect the Soviet rockets already soon will have, they could hit the U.S. land-based missile in concrete and steel silos. Sen. Culver said Vance agreed "improve these areas would not give us any significant new capability."

On another subject, Mr. Kissinger said he thought it unlikely NATO allies would agree new strategic weapons — medium-range ballistic and land-based cruise missiles — their territory if the SALT-2. Modernization of forces, and future, good, within the alliance, depends on the treaty, he said.

New Lisbon Chief Unveils 'Vigorous' Cabinet Team

LISBON, July 31 — Premier-designate Maria de Lurdes Pintassilgo promised today that she and her Cabinet would provide vigorous government during what she called their "100-day march" until elected to the fall.

At her first news conference since her appointment on July 19 as the first Portuguese woman to head a government, Miss Pintassilgo admitted that her Cabinet would have a caretaker role. But she added that it would be a "constitutional government without limits except that of time" and she said she had chosen her ministers for their "competence," "impartiality," and "management experience." She added: "We are going to introduce certain innovations for the sake of efficiency."

Miss Pintassilgo had made her Cabinet list public yesterday after a Marxist delegation conferred with her and she leaked the ministers' names to the press. All of the 16 Cabinet appointees are men, including eight engineers and three military officers. The premier-designate herself worked as a chemical engineer before serving as Portugal's ambassador to Unesco.

She has kept three ministers from the outgoing Cabinet of Premier Carlos Mota Pinto. They are Foreign Minister Jose Freixo

and Tourism.

The Interior Minister, Col. Manuel Costa Brás, twice before. He is to Pintassilgo's deputy prime minister, social, economic, agricultural, and agricultural go, respectively to M. Aguiar and Joaquim L.

For the pivotal Economic Ministry, the Catholic, social activist Carlos Jorge Correia, 37, a former administrator of a short-lived government of Alfredo Nobre de Carvalho, is also in the running.

The other ministers are: Sousa Macedo, at justice; Sotoca Nunes at science; Jorge Sa Borges at labor; Marques Viduani at industry; Veiga da Cunha at education; de Azevedo at public works; and Frederico de Silva at transport.

No Women

Observers had expected Pintassilgo to bring several women to the Cabinet, but the list named yesterday, Maria de Lurdes Pintassilgo, is not an secretary of state, premier's office, a no post.

Socialist leader Mari commented that the government would strive to ensure "independent" elections, he termed some of the "counter-revolution" or "quasi-revolution" to the right.

Mr. Pinto resigned 6 after his proposed cabinet trouble in Parliament. Pintassilgo's Cabinet is expected to be formed in October.

Gen. Eanes is expected in the Cabinet tomorrow. Portugal's 11th sitting president, who restored the republic in 1976, is expected to submit a government to Parliament for submission to Parliament.

Correction

In an article in the July 30 issue of the International Tribune, a comment the German opposition leader of President Car

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## Iran's Bakhtiar Reappears, Calls Self Legal Premier

(Continued from Page 1)

port the shah's return. He failed to explain how he foresees his own political future.

Mr. Bakhtiar said that he intended to return to Iran and resume political activity there, soon as conditions of security and freedom permit. But he said that he would not present candidates in the country's forthcoming elections, and that he had refused to vote in Iran's referendum in March because he could not understand how an Islamic republic could function in practice.

Mr. Bakhtiar said that the present "religious dictatorship" was changing its ideas every few weeks, bankrupting the country and undermining the government's central authority in the face of military revolts. "No religious figure can put the country back on its feet" because Ayatollah Khomeini — "unlike Hitler, Lenin, Castro or Nasser" — has no idea of what he wants to do with power, he said.

To explain the religious movement's ultimate victory, he said that the mullahs had become powerful because they enjoyed a degree of freedom in the mosques under the shah which was denied to normal political parties.

"I had the misfortune to understand early that there was a conflict between the ideas of Ayatollah Khomeini and the political opposition to the shah led by the National Front," he said. "But I failed because I came to power too late."

Mr. Bakhtiar said that his predictions of catastrophe had materialized, "but faster than I expected." In one year, he said, Iran had now "squandered as much as in 25 years" under the shah.

## Feudal Conditions

Under the religious leadership, the country has disintegrated into feudal conditions, he said. There is no need to point out the weakness of the present government of Premier Mehdi Bazargan "because he himself complains about it all the time," Mr. Bakhtiar said.

He attacked the Iranian policies of the Soviet Union, which he said only wanted to see an Iran which was under Moscow's influence or else totally corrupt. He supported the decision of the Iranian authorities to cut off natural gas sales to the Soviet Union, which Mr. Bakhtiar said had been paying much too low a price for the gas.

The problem of Kurds and other minorities in Iran should be solved, he said, by giving them local autonomy but within national unity. "Iran has a Moslem majority, but the minorities have rights, too," he said.

He repeatedly criticized former allies — including Karim Sanjari in the National Front — for their alliance with the Islamic movement. "Iran existed before Islam," he said. "If Iran has not become Islamic in 1400 years [since Mohammed], it is too late now to Islamicize it," he said.

Describing today his 40 days in power in Tehran, Mr. Bakhtiar said that by the time the shah made his premier "it was far too late" to resolve the crisis. Otherwise he was confident that he would have been able to continue in power, he said. But he observed that the shah's departure finally became inevitable in order to avoid a bloodbath.

He refused to divulge details of his escape in February after his

Swiss Heroin Haul

ZURICH, July 31 (UPI) — Swiss police revealed today that on June 11 they discovered 112 kilograms of heroin in four false-bottomed suitcases at Zurich airport. The haul was the biggest made in Switzerland.

HARRY'S N.Y. BAR ©

5 rue, Daumou, PARIS

Falkenberg Str. 9 Munich.



## ATO's New Missile Plan

### played at Least to 1983

By Walter Pincus

WASHINGTON, July 31 (WP) — NATO alliance's inability to on where to base new U.S. in-range nuclear missiles has until mid-1983, at the earliest, the employment of the weapons to be, according to previously congressional testimony released last week.

A 1,500-mile, ground-launched missile, which could reach via Union from any country in Europe, may not be before 1984, Pentagon said yesterday, if NATO fails to approve a basing at their major meeting of December.

Cruise missile and an edge-range version of the SS-20 missile, also in development, are designed to be introduced within two years of the SS-20, a mobile ballistic missile with three warheads.

**\$1.7-Billion Program**

The issues that remain to be resolved are how many missiles deployed; what the mix will be between the extended Pershing, 1,000-mile range, and the missile, and whether they are controlled solely by U.S. or under a "two-key" system the basing country has an role in firing.

A closed hearing in April, Air officials said their program for building 696 ground-launched Cruise missiles at a total of \$1.7 billion.

NATO has yet to agree on how many missiles will be deployed to Europe, Lt. Gen. Thomas D. Air Force deputy chief of research and development. There is a possibility that we reduce that number by approximately 25 percent.

protocol to the new strategic limitation treaty prohibits United States from deploying ground-launched Cruise missiles with a range greater than 360 miles before Dec. 31, 1981, that could have held up the missile Cruise missile program at problems already developed within the alliance over basing.

**Ship Sinks in Lake Of Panama Canal**

GAMBOIA, Panama Canal Zone, July 31 (AP) — The 162-meter freighter Quindim sank crossways in the Panama Canal's shipping channel in Gatun Lake after a collision with a Greek ship, officials reported yesterday.

No injuries were reported in the accident Sunday night involving the Quindim, registered in the Cayman Islands, and the Seaside that occurred about halfway through the 51-mile waterway. Officials said canal traffic was slowed.

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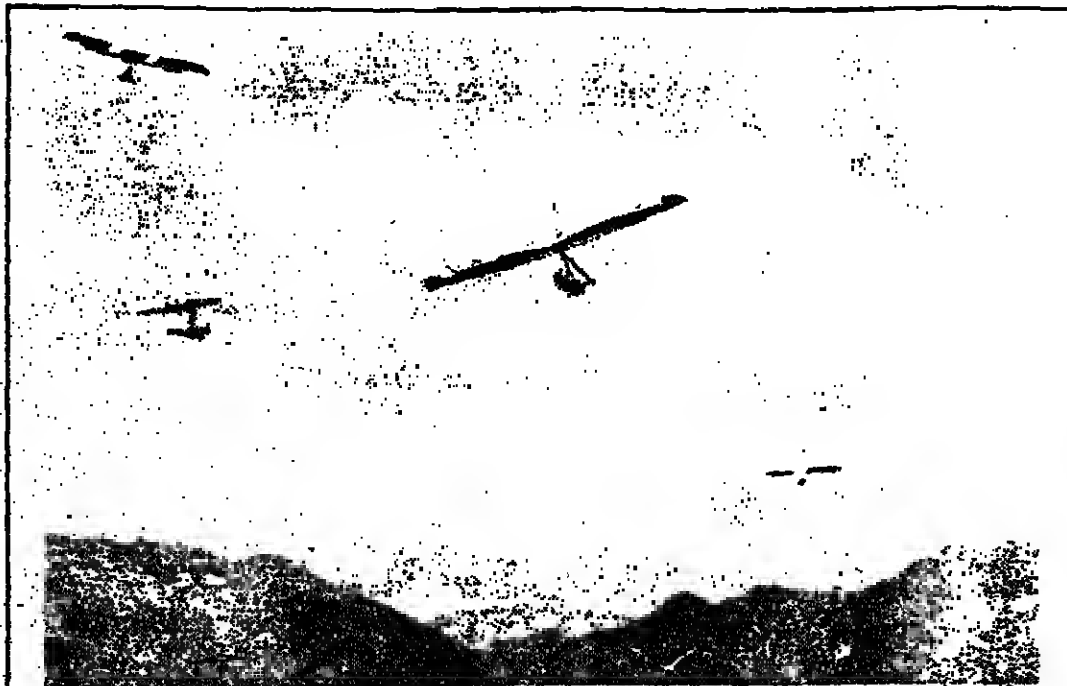
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BIRDMEN OF THE ALPS — A few unidentified participants fly over the Alps during the opening ceremonies' trial runs at the hang gliding championships held in Grenoble, France.

## CIA Says Russia Must Soon Import Oil

By Richard Halloran

WASHINGTON (NYT) — The CIA is again predicting that the Soviet Union will soon be forced to stop exporting oil and start importing it, thus opening the possibility of serious international economic and strategic disruptions.

The agency, in its latest assessment of Soviet capacities to produce oil, said that output is currently stagnant or declining everywhere except in the western Siberian fields. That would appear to be a fulfillment of CIA projections made two years ago.

Therefore, the agency said, the Soviet Union may soon reach out to the same sources of oil that are already being pursued by the United States, Western Europe and Japan. The CIA estimated that

Moscow would be importing 700,000 barrels of oil a day by 1982. It now exports about 1 million barrels daily.

The CIA report is still classified, but parts of it were disclosed last weekend by Rep. Les Aspin, D-Wis., chairman of the House intelligence oversight subcommittee.

**Probable Consequences**

The probable consequences of Soviet competition for oil, should it develop, would appear to include the following:

• Pressure on supplies would increase, as would prices, as the Soviet Union switched to being a net importer. Available supplies would drop about 5 percent, according to the report.

• The issue of whether the United States should assist the Soviet

Union in developing its oil reserves, particularly in permitting the export of American drilling equipment, would be reopened. Advocates argue that such exports would lead to increased Soviet production and less pressure on the market. Opponents contend that those exports would strengthen the Soviet Union militarily.

Rivalry between the Soviet Union and the United States in the Middle East would increase, possibly resulting in an increased military presence for both and a shift in American policy away from Israel toward the Arab oil producers.

• Questions of Soviet control over Eastern Europe, the primary market for its current oil exports, would be revived.

**77 Controversy**

In 1977, the CIA got caught in a controversy when it predicted that Soviet oil production would peak in 1979 or 1980 and that the Soviet Union would be importing 3.5 million barrels of oil a day by 1985.

When that prediction was made, President Carter used the projections as part of his argument that the United States must declare the "moral equivalent of war" on the energy shortage, contending that the entrance of the Soviet Union into the world market as a buyer would tighten oil supplies.

The CIA's analysis, however, was criticized by oil specialists in the United States, West European intelligence agencies and the Soviet Union. They argued that the CIA had underestimated the extent of oil reserves within the Soviet Union and the Russians' capacity to produce oil.

In its new report, the CIA said Soviet oil production hit a record high of 11.73 million barrels a day in April but had fallen to 11.35 million barrels a day in May. "We may be seeing the peak of Soviet oil production right now," Rep. Aspin said.

Overall, the CIA said, Soviet oil production is expected to fall to 10 million barrels a day at most by 1985, and possibly to dip as low as 8 million barrels a day. That is the same projection the agency made in 1977.

## GOP Officials Put Reagan in Front in Poll

BOSTON, July 31 (UPI) — A newspaper poll yesterday showed Ronald Reagan is considered by key Republican leaders nationwide as the front-runner for his party's 1980 presidential nomination, even though many would personally prefer George Bush or John Connally.

In a Christian Science Monitor survey, with responses from more than half of the state Republican chairmen and national committee men (99 out of 162), there was near unanimity that the former governor of California was the current favorite.

But only 39 said they thought he would win the nomination, 24 thought Mr. Connally, former governor of Texas, would take it, 10 predicted Mr. Bush would be nominated, and 8 guessed it would be Sen. Howard Baker of Tennessee.

But the Monitor poll reported that 27 of the 99 party officials said they wanted Mr. Bush, former director of Central Intelligence, to be their nominee. 24 said they preferred Mr. Reagan and 22 indicated Mr. Connally was their choice.

The remainder of the preferences were spread out among nearly a dozen other candidates or possible candidates.

## Carter Faces Economic Dilemma

By Art Pine

WASHINGTON, July 31 (WP) — President Carter and his newly revamped economic team are facing a policy-making predicament in their efforts to steer the economy through the 1980 elections. The dilemma — how to cope with the expected recession this year without exacerbating inflation and provoking another slide in the dollar.

Although Mr. Carter has calmed some market jitters with his nomination of Paul Volcker, former undersecretary of the Treasury for monetary affairs, as chairman of the Federal Reserve Board, the fact is that the problems are no less serious now than before the president began his reshuffling.

Indeed, many experts believe that, if anything, the nomination of Mr. Volcker is likely to make it tougher for the White House to achieve its goals. Mr. Volcker, who is more sensitive to the dollar's troubles than outgoing Fed chief William Miller, may keep monetary policy tighter than his predecessor would have.

The predicament is a frustrating one. In previous years, when a president feared the prospect of a recession, the first thing he did was to stimulate the economy. In 1977, for example, Mr. Carter proposed a major cut in income taxes and a big job creation program. Congress approved both.

This time, however, inflation is so virulent that even many liberals fear that additional stimulus would heighten the wage-price spiral. Both Mr. Carter and Congress have urged caution on the tax-cut front. And some analysts argue that any cut should involve Social Security taxes, which would be less inflationary.

## Defense of Dollar

The problem is, what can be done without exacerbating inflation? The answer, until recently, was to let monetary policy do the job. Both Mr. Miller and ousted Treasury Secretary Michael Blumenthal favored holding fiscal policy steady and banking on the Fed to ease credit if the recession proved deep.

But, as the past month's events have demonstrated, the Fed may be prevented from playing that role because of its duty to defend the dollar, which is proving particularly vulnerable in the face of worsening conditions here.

As a result, although the central bank normally would have continued policy intact, or even eased credit some, at the start of a recession, the Fed found itself actually raising interest rates again two weeks ago — in part to bolster the dollar, which has declined because of nervousness over the Cabinet shake-up. The rescue action was necessary because of the vicious cycle that links the dollar, inflation here and recession. Any prolonged slide in the dollar's value seriously adds to the wage-price spiral here at home and eventually serves to worsen the recession. Mr. Carter could only go along.

## Not Hand-Liner

At the same time, however, every time the Fed raises interest rates, it worsens short-term prospects for growth. Part of the reason for the current forecast of a mild recession is the belief that the central bank will keep money tight. Turning the screws more tightly could deepen the slump.

Nor is the widely hailed appointment of Mr. Volcker — and the shift of Mr. Miller to replace Mr. Blumenthal at Treasury — likely to alter the president's dilemma. Although Mr. Volcker is no rightist hand-liner, he is by experience more attuned to the dollar's needs than Mr. Miller, and presumably would move in its defense more quickly.

Although Mr. Volcker tried to minimize these differences during a press conference last week, he has

voiced several times in the Fed's policymaking Open Market Committee to tighten — or at least not to ease — money and credit policies when Mr. Miller endorsed the more liberal stance.

That is apt to mean that the Fed — in which Mr. Volcker already has had some influence as president of the New York Federal Reserve Bank — is now all the more likely to look after the dollar's needs before it tends to the president's political requirements. And that only tightens the box.

Mr. Carter's own performance virtually forced him to pick a conservative Fed chief as Mr. Miller's successor. The countless policy wafflings of the past 2½ years, combined with his firing of Mr. Blumenthal last week, raised new fears that the White House would "politicize" economic policy.

The appointment of Mr. Volcker served to allay some of those apprehensions — perhaps more than some White House aides may prefer. Whatever his policies, it appears that Mr. Volcker will be tough and independent enough to keep the White House Georgians in their place.

And Mr. Miller is described by

Fed insiders as seeming deceptively complacent. Although the new Treasury secretary is likely to appear to be a team player in his public appearances, colleagues say he is a tough fighter when he is backed into a corner. White House staffers are expected to be no match.

Still, although Mr. Carter may have landed on his feet with his new Fed and Treasury appointments, his team has its work cut out and already is behind schedule in tackling the administration's growing list of serious economic problems.

While Mr. Carter has been reshuffling his economic policymaking team, there has been no one to make decisions on what wage-price guidelines program. The White House must enact plans soon if it hopes to meet its Aug. 1 deadline for asking public comment on them.

And there is still the question of what to do about fiscal policy for 1980 — to hold out the possibility of stimulus, as Mr. Carter now says he wants to do, or to go for further stimulus, as most outsiders expect the administration will decide as the election draws closer.

## House Confirms Strictures On Panama Canal Treaties

WASHINGTON, July 31 (AP) — The House yesterday indicated determination to obstruct passage of a bill carrying out terms of the Panama Canal treaties, unless the legislation contains restrictions that the Carter administration says would amount to breaking the treaties.

By a vote of 308-98, the House indicated it would not compromise on restrictions added to its version of the canal legislation.

The Senate has already ratified the treaties, under which the United States is to turn over the Canal Zone to Panama on Oct. 1 and place the canal itself in the hands of the Panamanian government at the end of the century.

The legislation under consideration now is for carrying out details of the transfer, including the establishment of a U.S.-controlled commission that will oversee operations of the canal for the next 20 years. Differing versions of the bill have been passed by the House and Senate, with differences to be worked out by a conference committee.

## Compromise Refused

By yesterday's vote, the House instructed its representatives on the conference committee to refuse to compromise on restrictions that were voted into the House version but which do not appear in the Senate bill. The House version asserts that, under the Constitution, Congress must vote separately on whether to transfer the canal and other property to Panama, despite the terms of the treaties.

## House Censures Diggs for Misuse Of U.S. Payroll

WASHINGTON, July 31 (AP) — Rep. Charles Diggs Jr., D-Mich., was censured by the House today for financial misconduct, the first such rebuke in 58 years.

As his colleagues watched from their seats, Rep. Diggs walked to the front of the chamber, where Rep. Thomas O'Neill Jr., D-Mass., the House speaker, pronounced the censure. Rep. Diggs showed no emotion during the proceedings.

## Carter Popularity Falls to New Low

NEW YORK, July 31 (UPI) — Public confidence in President Carter's ability to govern has fallen to a new low, after rising briefly in the wake of his energy speeches on July 15 and 16, according to an ABC News-Harris poll released yesterday.

A sample of 1,493 people polled by telephone during the weekend gave Mr. Carter a 74-percent negative overall job rating. An ABC News-Harris poll released on July 2 had given him a 73-percent negative overall job rating.

In the latest poll, Mr. Carter received a 78-percent negative rating on his ability to deal with energy problems and an 84-percent negative rating on his handling of the economy.

would virtually eliminate \$10 million of Panama's share of canal revenues, make the canal's annual budget subject to congressional approval, and treat the commission operating the canal as a federal agency subject to congressional control rather than a semi-independent government corporation.

The administration, congressional backers of the treaties and the Panamanian government have said that the restrictions demanded by the House would break the treaties.

## U.S. Planning to Sell 6 F-5 Jets to Jordan

WASHINGTON, July 31 (Reuters) — The U.S. Defense Department said yesterday it planned to sell six F-5 jet aircraft to the Jordanian air force for \$33 million.

"This sale will be consistent with U.S. foreign policy in assisting Jordan to meet its reasonable self-defense needs," the department said. Jordan has already bought 114 of the aircraft, built by Northrop Corporation of California.

## House Votes Energy Package

WASHINGTON, July 31 (AP) — The House yesterday voted a \$3.4 billion energy package aimed at reducing U.S. dependence on foreign crude oil through conservation.

The House voted 387-10 to approve the package, which would provide for a \$1.2 billion cost of two coal conversion plants in West Virginia and Kentucky. President Carter favors paying for the plants with revenue from a so-called windfall profits tax he wants imposed on oil companies.

About \$1.5 billion would be made available to underwrite half the cost of a crash synthetic fuel program passed by the House in June. The money would go for federal purchase of up to 500,000 barrels daily of synthetic fuel by 1985, an incentive to get synthetic fuel production off the ground.

## Pigeons Easily Outscore Humans In U.S. Navy Sea-Rescue Tests

WASHINGTON, July 31 (WP) — The Coast Guard intends to spend \$146,000 over the next two years to train a rescue squad of pigeons to find persons lost at sea.

A Navy report just released said that in experiments to date, the spotters pigeons, strapped into a special capsule on a helicopter, outdid Coast Guard air crews every time in finding objects tossed on the ocean's surface.

But, in the first flight casualty of its kind, the first three pigeon graduates of the course drowned at sea when the helicopter they were riding in ran out of fuel and crash-landed off Hawaii. The humans got out unscathed.

The Coast Guard is paying the Navy to train 10 more pigeons for rescue duty as part of Project Sea Hunt.

Before being lost at sea, the pigeons piled up an impressive record in search and rescue drills over the Pacific.

For example, they spotted a floating orange target 90 percent of the time on the helicopter's first pass while the air crew saw the object only 38 percent of the time. They pecked, as trained ashore, on a special pedal, which flashed a signal to the pilot whenever they saw orange, the color of life preservers, on the sea below.

The pigeons also were the first to report the sighting almost every time.

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## Singh's Turn in Delhi

The United States is not the only democracy suffering summer palpitations. In India, the coalition that Morarji Desai assembled to oust Indira Gandhi two years ago, having found no other common purpose, disintegrated in mid-July. A new coalition — India is such a large and disparate country it can only be governed, democratically, by a coalition — has been put together by Charan Singh: It's less sectarian (Hindu) and northern. At 77, Mr. Singh is just six years younger than his predecessor. To become prime minister, he accepted crucial support from the still-calculating Mrs. Gandhi. His political base is among peasant proprietors and in ideology he is strongly pro-rural, anti-urban. He is a homebody, having left India only once — for Sri Lanka. Already his foes are trying to bring him down.

Not many Americans — to put it mildly — are close students of Indian party politics. The differences between Mr. Desai and Mr. Singh are not likely to dominate the conversation at a whole lot of dinner tables. For those people who do feel some moral obligation to check into the affairs of the world's most populous democracy from time to time, it is perhaps enough to note that, once again, India has been able to carry off a change in leadership by orderly, peaceable

means. It's no small feat. A country doing it for the first time could expect to be feted in the Rose Garden of the White House. India's reward for doing it consistently is to be put down in some quarters for "instability," as though making political changes by the rules were not the very definition of stable democratic procedure. The details of the change in Delhi — who knifed whom — intrigue only connoisseurs. But the fact of the change is worthy of wide respect.

What do Americans want from India, anyway? For it to be democratic? It is. For it to be making inroads into its poverty? Its recent quiet achievement of agricultural self-sufficiency constitutes major progress by any sober standard, though a serious distribution problem remains. For it to take a positive attitude toward global efforts for peace and stability? India adequately fills this bill.

The lone cloud on the horizon lies in the prospect that Indian nationalism, perhaps aggravated by the country's dispute with the United States over nuclear safeguards, may push it toward openly matching China's bomb. The hope — though it seems pretty slim — must be that maintenance of a working democracy may put a check on this troubling ambition.

THE WASHINGTON POST.

## Why Not U.S. Fuel Stamps?

The cost of home heating oil in the United States is now rising fast, and by midwinter it may well be nearly twice as high as a year earlier. The suffering among people who are poor, and who live in oil-heated houses, will inevitably increase. There is only one remedy that has any real chance of helping those people quickly, and that is a rapidly enacted program of fuel stamps.

Like food stamps, fuel stamps would be a federal subsidy to ensure that the most vulnerable families are not cut off from one specific necessity. Fuel stamps would help buy not only heating oil but gasoline for that small number of poor people whose lives and jobs require automobiles. Ideally, this kind of aid might be extended better through reforms of either the welfare or the tax systems. But basic reform is slow work, and winter's coming. The great advantage of the stamp principle is that it could be introduced quickly, following procedures that have already been worked out for food stamps.

Currently, the food policies of the United States are working a great deal better than its tortured attempts to come to terms with higher oil costs. It's worth examining the case of food to see what lessons it might offer for fuel.

Americans have generally regarded the steady inflation at the grocery store to be unfortunate and harmful but essentially uncontrollable. People recognize that the bad news at the supermarket's check-out counter originates far back in a worldwide production

system, and it can't be cured by slapping on controls. Except in dire emergencies, as in wartime, people seem to agree that it's better to avoid shortages, let prices rise, and use direct aid to rescue the people who really can't pay. The food stamp program has its administrative shortcomings, but it has made a significant contribution to the nutrition of the U.S. people in a time of severe and threatening inflation.

Regarding fuel, the administration continues to cling to price controls on both crude oil and gasoline — citing, usually, the need to protect the poor. As you watch the prices of oil and all the oil products shoot upward, perhaps you have wondered exactly how much protection the poor — or anybody else — are getting from those controls. It makes more sense to move rapidly to decontrol, and simultaneously to give poor people a kind of protection that will actually do them some good. Rising prices will be no less harmful in fuel than in food. But at least they will push the country toward the conservation, and the alternative energy sources, on which the rescue from oil inflation ultimately depends.

It will work, just as a rising price also cuts down consumption of beef. The choice isn't between T-bone steak and starvation. It's between T-bone steak and something else. In fuel, as in food, with subsidized stamps for the least affluent families, there can be enough for everyone.

THE WASHINGTON POST.

## International Opinion

### Spain: Terrorism and Democracy

Either democracy destroys terrorism or terrorism destroys democracy. Being weak, clumsy or unable to fight terrorism is the best way to a new loss of liberties.

— From *Hoja del Lunes* (Madrid).

Given that independence for the Basque country is totally unrealistic, the Basques have been given as good an offer as they can reasonably expect. The hope must be that enough of them will rally to the settlement to isolate the extremists. The militants will not give up at once, but the less popular support they can count on, the greater the chances of an end to terrorism.

— From the *Financial Times* (London).

The agreement between the Madrid government and the main Basque political party has been called the "Guernica statutes" after the Basque town which was turned into ruins during the Spanish Civil War by Hitler's bombers. The statutes give the Basque provinces a very large amount of self-determination.

But to the fanatics in ETA, this is not enough.

They want to establish a completely independent Basque nation — Euskadi is the Basque name — which also would encompass the Basque area of France.

There is much to indicate, however, that

the ETA terrorists are being more and more isolated. The majority of Basque political groups — some of them militant nationalists — have welcomed the Madrid agreement on internal self-determination.

The violence of these last days in Spain could hopefully be interpreted as a desperate move by an organization suspecting that its time is running out.

— From the *Svenska Dagbladet* (Stockholm).

### Carter and the Oil Lobby

This [oil] lobby, Mr. Carter claimed, was causing the Senate to hold up passage of his proposed windfall profits tax, a tax on profits which the oil companies have not earned. The trouble with this is that Mr. Carter has fought shy of the one measure which would really justify a so-called "windfall" profits tax — the deregulation of domestic oil prices.

Americans still pay only half what consumers in all other developed countries pay for their gasoline, because of price controls and subsidies.

Mr. Carter has shrunk from deregulation because he thinks that to allow gasoline prices to rise to their proper economic level would be deeply unpopular. So it probably would, but at the same time if Mr. Carter were to put the case forcefully enough he would gain in respect more than he might lose in popularity. He needs to strike a better balance between old-fashioned politics and evangelism.

— From the *Daily Telegraph* (London).

## In the International Edition

### Seventy-Five Years Ago

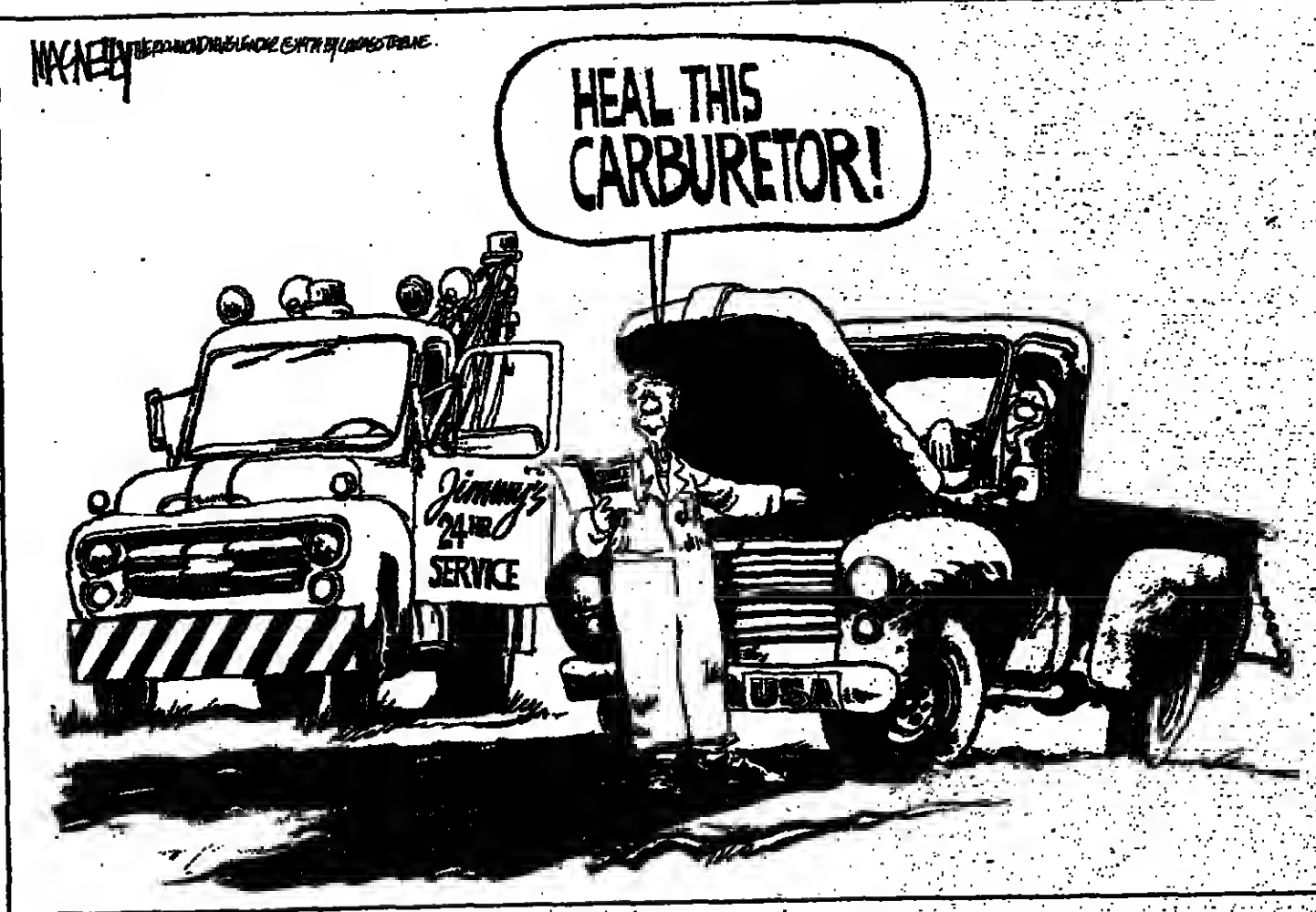
August 1, 1904

BERLIN — There was a remarkable change in the attitude of the German government last week with respect to the question of the Russian cruisers which sailed through the Dardanelles as unarmed craft and then proceeded to attack and search neutral shipping. As soon as the St. Petersburg government had given the Berlin Cabinet full satisfaction in the matter of the seizure of the Prinz Heinrich and the Scandia, all idea of backing up England in a protest regarding the passage of the Dardanelles by the Russian volunteer fleet was abandoned, and it is authoritatively stated that the question no longer interests Germany.

### Fifty Years Ago

August 1, 1929

HANOVER, N.H. — Luckily for him, Nelson Aldrich Rockefeller, son of John D. Rockefeller Jr., will not have to pay his tuition at Dartmouth next year. He is one of five juniors whose selection for senior fellowships has just been announced. The senior fellows, chosen as outstanding men of the class, are absolved from ordinary requirements for a degree, having to attend no classes and take no examinations, and receiving free tuition. Nelson is an economics major. The theory of the scholarship is that those chosen can be trusted to make good use of their time and opportunities without supervision.



## Helsinki Accord: Defender of the Strong

By Leopold Unger

BRUSSELS — What Anatoli Kovalev, the Soviet deputy foreign minister suggests as a basis for East-West relations is unassailable.

"The principle of respect for human rights," Mr. Kovalev declared, "must not be placed above all other provisions of the Helsinki Final Act."

Yet, Mr. Kovalev's ideas have been rejected by his own government. And by placing human rights not above, but below all other provisions of the Helsinki Final Act, Moscow has upset the delicate balance of this fragile agreement.

It is clear that the signing of the SALT-2 accords and the accolades at the Vienna summit conference, the refusal by all those involved to abandon the deadlocked Mutual and Balanced Force Reduction talks in Vienna and the mutual invitations to military maneuvers are proof of a general desire to lessen tensions between the two blocs and also evidence that the First Basket (international security) of the Helsinki Final Act has been accepted by all sides.

### Grain From West

Furthermore, the shipment of millions of tons of grain by the United States, the granting of Western credits (more than \$50 billion in favor of the Eastern European bloc) as well as the construction of a very modern Cosmo hotel in Moscow and of the no less modern Sheremetyevo-2 airport for next year's Olympic Games — built respectively by France and West Germany — show total adherence (some call it fairly one-sided) in the Second Basket (international cooperation) of the document signed in Helsinki just four years ago.

However, the Third Basket, that dealing with human rights has been treated more shabbily and the East has not met all the promises it made Aug. 1, 1975 in the Finnish capital.

Amnesty International, the London-based organization which was awarded the Nobel Peace Prize in 1977 for its dedication to human rights, has just published a report on the situation concerning the rights of man in the last four years. According to the report, "Since the signing of the Helsinki agreement by 33 European countries, the United States and Canada, 321 persons have been prosecuted and sentenced in the Soviet Union for the nonviolent exercise of their human rights," all guaranteed under the Helsinki accords.

### Harassment

Among these victims are 14 members of the various groups organized in Moscow, Kiev, Vilnius and Erevan to monitor the application of the Helsinki agreement in the Soviet Union. Eleven of these 14 were sentenced to terms of no less than 12 years of prison. And the Western journalists who are the undisputed shapers and interpreters of U.S. relations with other nations. A central and sensitive sector of U.S. foreign policy — the Arab-Israeli conflict — has been turned over to Robert Strauss, a man previously unexposed either to the practices of foreign policy or to the exotic problems of the Middle East. He is not, he proclaims, a "subordinate" of the secretary of state but rather his "partner."

Secretary Vance's writ is threatened even more broadly by the burgeoning authority of the national security adviser, Zbigniew Brzezinski. Similarly independent of Vance, he acts as a coequal secretary over the whole spectrum of U.S. foreign policy. He deals with foreign ambassadors, undertakes diplomatic missions, negotiates with chiefs of government, makes speeches, appears on television and gives press interviews. (Brzezinski even has a press officer of his own.)

Who, then, enunciates U.S. foreign policy? The secretary of state, or the national security adviser who speaks from a quite different philosophy? During years of schism in the Roman Catholic Church there were two popes — for a while even three. When, then, interpreted the will of God?

A coherent foreign policy requires that only one voice speak for the president. Clarity cannot be achieved merely by good will or by that classical answer in sloppy bureaucratic structure, "coordination." No two officials will ever give the same emphasis to delicate shaded questions of foreign policy. In the final analysis, a two-

Nazi. It was for that reason that he was invited to the United States to reply to the charges made against the Polish people by the television series "Holocaust."

Mr. Baranczak, a poet and literary critic, was invited by Harvard University for three years to lecture on Polish literature.

"Because of Warsaw's absurd veto, neither man will go to the United States; no one will defend the Polish people against the unjust accusations in 'Holocaust' and Harvard will not be able to offer a first-rate course in Polish literature."

What then remains of the human rights guarantees contained in the agreements reached in Helsinki? A few sleepless nights, according to observers in Warsaw, to distinguish between the letter and the spirit of the agreements.

The lack of enthusiasm in celebrating this anniversary of Helsinki becomes, thus, perfectly clear. The illusions were too great and the disappointment too unpleasant and too deep. There are two conclusions to be drawn from the experience gained in the four years since the signing at Helsinki.

First, the only real and spectacular results of the Helsinki accords came not from the voluntary application of humanitarian principles, but because of the concessions made by the totalitarian governments during the haggling over their primary goals. Moscow has indeed eased the emigration of its Jews and released a number of well-known dissidents, but this was done to facilitate the passage of the SALT-2 accords by the U.S. Congress. Romania acted in the same

way to gain commercial advantages from the same Congress.

Andrei Sakharov has not been thrown in prison, despite his leading role as a dissident and Alexander Solzhenitsyn suffered no more than banishment, but hundreds of lesser known dissidents have been condemned to the gulag. The Helsinki agreements, thus protect only those who already are protected.

There is also the Western attitude. This is not the place to point an accusing finger at the Western leaders who, believing that they are promoting a certain type of détente, show an extraordinary tolerance toward their Eastern colleagues, whose countries regularly violate the international agreements which they officially signed.

However, we must not fail to note the moral amoralism of certain Western socialist parties, which send to Eastern capitals delegations that show not the slightest interest in the fate of their socialist or leftist colleagues, nothing in the prisons of the countries visited.

How could the attitude of the Brussels town fathers be explained when they chose Moscow to be the first sister-city outside the Common Market? Why did the French Academy of Sciences grant the status of foreign member of the academy to Prof. Victor Ambartsoumian, the Soviet scientist who has cooperated in the arrest of a member of his own Armenian Academy of Science? That colleague was Yuri Orlov, the president of the Helsinki monitoring group in Moscow.

And how can it be explained that a meeting of Eastern European writers — banished by their home

countries — organized in Hamburg was ignored by West German writers?

What can be said of the Executive Committee of the International Psychiatry Association, which held a meeting in Moscow in May, but somehow forgot to ask what had happened to Dr. Simeon Gluzman, their Soviet colleague sent to the gulag for 10 years after he had denounced the abuse of psychiatry in the Soviet Union?

In the name of what form of détente could French authorities accept the shameful censorship of the Moscow-Paris art exhibition, held in Paris, but cut to shreds at the whim of the Soviet government?

And what can one call this Permanent Peoples' Tribunal, heir to the Russell Tribunal on Vietnam and Latin America? This tribunal, made up of 37 personalities, has taken upon itself to examine nine cases concerning the rights of man in the Philippines, Mexico, South Korea, Palestine, Taiwan, Western Sahara, Guinea, Argentina and Central America.

All very good. But this selectivity is evidence of a more profound reality — which some justly call "Finlandization" — and brings just one question to mind: Could the "tribunal" really find not even one case of permanent abuse and violation of individual human rights, let alone of peoples closer to it and closer to us?

"The West's weakest point," an Eastern European intellectual confided recently, "has never been the strength of your adversaries, but your own lack of interest, your own inability to see."

©1979, International Herald Tribune.

## Too Many Voices

By George W. Ball

headed foreign policy is quite as grotesque as a two-headed human being.

Not only does the prevailing ambiguity confuse foreign governments, it upsets the Congress. Through the national security adviser plays a major role in designing foreign policy and manipulating the levers of power, the Congress can neither pass on his nomination nor call him to testify. Still, position between himself and his Congress have proposed, to correct this anomaly by making the post subject to confirmation. That would merely legitimize a structural aberration.

The proper solution was provided by Henry Kissinger in 1973. Having used his own position of national security adviser to dominate foreign policy and eventually replace Secretary William Rogers, he quite understandably insisted on retaining his national security title. By holding both jobs, he could speak and act incisively without fear of being undercut.

It was an easy and sensible solution, since the problem was not ordained by the Founding Fathers but created almost by accident. When the National Security Council was established in 1947, an anonymous bureaucrat collated the submissions of relevant departments for the council's consideration; not until the Kennedy administration did a president treat his national security adviser as a substantive officer. President Kennedy's motive was to utilize the exceptional talents of a trusted friend, McGeorge Bundy; he certainly did not contemplate that, thereafter, all occupants of the post would play a policy role rivaling that of the secretary of state or that they would uniformly be professors with little or no practical foreign-policy experience.

But, though acquired characteristics are not inheritable, bureaucratic biology often endows improvisations with genetic vitality. Thus, today the job of national security adviser is presumed to belong to academia; in the same way that the treasurer of the United States is automatically a woman or, in Britain, the post of Earl Marshal belongs to the Duke of Norfolk. Unconsciously accepting that presumption, the press regularly accords to the national security incumbent — whether Kissinger or Brzezinski — the accolade of "doctor," though

it withheld that title from five members of the pre-Thermodor Carter Cabinet equally endowed with Ph.D.s.

Moreover, because Kissinger used his national security post to displace Rogers, such a progression is now regarded as inherent in the job. Without question, the national security adviser is in a strong tactical position. Unlike the secretary of state, he has no protocol responsibilities; no obligation to spend his days before congressional committees, no need to attend international conferences or defend and administer a complex department. Physically based in the White House, he is constantly at the president's side.

How much advantage that gives him depends to a large extent on the secretary of state. If, like Achinson, Marshall or Rusk, the secretary fully uses the diplomatic establishment, and is not addicted to "personal diplomacy," he should be able to guide policy effectively. But if he follows the Dulles and Kissinger pattern, riding frenziedly about the world, he will leave the field wide open for an ambitious national security adviser. That is the situation today.

Who enunciates U.S. foreign policy? Well, there's Brzezinski and Strauss — and, oh yes, the secretary of state.

George W. Ball is a former U.S. undersecretary of state. He wrote this article for *The Washington Post*.

## Rumble East Of Suez

By Joseph Kra

WASHINGTON — If the Gulf every day. Every of events underline the U.S. stance on oil from the Gulf. S. oping an East of Suez strait using a way to project U.S. into the area between the Mediterranean and the Red Sea has become an urgent.

The starting point for an the frank recognition of ences. Behind inflation, and gas lines are not the p the oil companies but the supplies from Iran that a nited the ouster of the shah.

The prospect of a min the near future hinges promise by Saudi Arabia oil production. But Saud can be offset by dicy poliditions all over the area.

In Iran, the Ayatollah K who inspired the revolun nished the shah, cannot Political and military e Tehran, and even more i inces, regularly oppose h Already counterrevolution be making up. In the inter tag or mismanagement could easily yield another plunge in Iranian oil produ

The trouble in Iran, fur spills over into the nei countries. First of all, into third largest (after Saudi and Iran) oil exporter in the

Since 1968, Iraq has be a right-hand Revolutionary mand Council. The leadin bers of the RGC are Mo the Sunni sect, from the n of Baghdad between the T. Euphrates Rivers. At all it have been in tension with ethnic groups which toget up a majority in Iraq — it in the northeast and the of the Shiite sect who dom population south of Bagdad.

Ayatollah Khomeini an legers are Shiites, and in over whipped up self tention among the Shi southern Iraq. The inabil ayatollah to control the r gave a new lease on lif Kurdish minority in Ira have taken arms and spr revolt across the border to

The double challenge from Iran has forced a tigh Baghdad. Two weeks ago president, Ahmed Hassan gave way to this younger Saddam Hussein, as hea Revolutionary Command Saddam Hussein has insu pence of Shiites in the re Saudi Arabia's self doms of the Gulf (Kuwa Bahrain, the United Arab and Oman) are equally developments in Iran. All conservative monarchies d on foreign labor and vuln radical Arab groups with ity to activate local minor

In the past, the forces of protected the regimes of ti an peninsula. Now that e gone, The Saudis and doms play a balancing ga this year they tilted toward

scale in allowing oil pri and in putting pressure on abandon its move towa with Israel. The move have related. But unless by U.S. force, they can

tilt the other way again. Projecting U.S. power area, however, is not e dramatists on the netiv shows like the idea of a strike by Marines or part But such action has no support here or abroad. N appear that the Pentagon doing serious contingency for a military strike.

### A Saudi Base

A base in Saudi Arab about, the Saudis want, commitments, f Carter administration. A U.S. base in the Sinai for a standing ground for the Gulf. It would be with the Egyptian-Israeli treaty, particularly with t hassle over a supervisory

The right kind of preser seem to be a naval task permanent station in th Ocean. Such a force moved around the area s tances station could rear pressure to bear th rior-based planes. Cruise naval gunfire or landin would not be subject to action, nor to political bl would be a presence that not seem — an over-th

Even achieving that gip, however, requires t first under the Carter ation. For the president a retrary of state are boos pations of moral supe the point of copping or assertion of U.S. power.

©1979, Field European.











## Poullain Learning to Live With Achilles' Heel

By John M. Geddes

LUNSTER, West Germany, July 31 (UPI) — Ludwig Poullain took 10 years to create and build up the 13th-largest bank in the world. Then, after a suggestion scandal, he took about "one minute" to lose it.

Mr. Poullain became one of this country's leading bankers — in a nation where banks take special care in emphasizing stability — only to leave after reports of a consulting contract with an allegedly failed businessman. Now, 19 months after Mr. Poullain's retirement and subsequent dismissal as head of Westdeutsche Landesbank, the case remains in West German headlines, with the central issue unresolved.

Despite numerous resignations, court cases and government investigations, the question remains: Was Mr. Poullain at it or was he the victim of a political intrigue against a too-successful banker?

Both arguments have been reinforced in the weeks. Earlier this month, for instance, Mr. Poullain won a court appeal against the bank reinstating the terms of a \$1.2-million resignation agreement, which the bank had rejected in retroactively dismissing him.

On the other hand, the first criminal charges were brought in late May, charging Poullain with fraud, corruption and self-interest in accepting the consulting contract. The charges rest on the premise, Mr. Poullain, as head of the regional

bank, was a civil servant and thus was barred from accepting consulting work.

In an interview, Mr. Poullain said that his contract with the bank was based on corporate and civil codes, not civil-service provisions. He called the charges groundless and politically motivated.

Mr. Poullain was the driving force behind the creation of Westdeutsche Landesbank, a savings bank, through the 1969 merger of two regional banks in North Rhine-Westphalia. The idea was to aid local manufacturers in their export financing and give the country's commercial banks competition in the nation's most populous state, the source of one-third of its foreign trade.

The bank that resulted was a hybrid. It acts as the central bank for the state as well as being the clearing bank for the region's approximately 250 savings associations. The ownership is divided evenly among the state, the savings banks and regional associations.

### Bank Growth

The bank grew strongly during Mr. Poullain's tenure: Its assets rose from the equivalent of \$9 billion in 1969 to \$36 billion in 1977, and profits increased from \$6 million to about \$55 million. The growth was not without problems. Deposit growth catapulted the bank ahead of the nation's Big Three commercial banks, Deutsche Bank, Dresdner Bank and Commerzbank. Yet, critics charge, the process was too rapid and the bank overextended itself.

Westdeutsche reported in 1973 that it had foreign-exchange losses of \$100 million. The loss, which the bank said resulted from traders' exceeding the bank's guidelines, was covered by profits and reserves. In contrast, the Big Three banks made money in currency trading.

Mr. Poullain says that politicians are to blame for the bank's problems. They became increasingly interested in the bank as its prominence grew, he says, pointing out that in 1972, four of the state's six seats on the bank's board were filled by industrial and union representatives. By 1975, the state had filled its seats with five ministers and a state secretary, a group that Mr. Poullain charges gave the bank inept guidance.

Mr. Poullain always seemed out from different cloth than other West German bankers. Although highly regarded for his success in banking, he also was seen as too flamboyant. While other bankers might drive a Mercedes-Benz, Mr. Poullain would drive his Jaguar to meet the chief of Daimler-Benz, Joachim Zahn.

The difference in style extended to more sensitive areas. In a country where economic debate often is muted, Mr. Poullain was ready to level criticism at government economic policy when he thought it justified.

What Mr. Poullain calls his "Achilles' heel" was a \$500,000 consulting contract with Franz-Josef Schmidt, a finance broker who was arrested on charges of fraudulent bankruptcy in the 1977 collapse of a Stutt-

gart-based property group. The consulting contract was proper, Mr. Poullain argues, but he said that he made a mistake "in not seeing how it could be used against me once the landscape had changed."

In 1976, Westdeutsche lent Mr. Schmidt \$14 million to buy real estate and, when he was arrested, the bank posted \$500,000 bail with Mr. Poullain's approval. The credit, he said, was backed by stringent conditions, carried normal interest rates and was secured by the property purchased. The bail, he explains, was decided in a "minute" to avoid the foreclosure that would have resulted had Mr. Schmidt remained in jail and thus been unable to sell the property to repay the loan. "I was sure Mr. Schmidt wouldn't flee," he said.

Discussing his own resignation, Mr. Poullain said he was called while he was on vacation and told that the charges about the consulting contract would be published nationally. He decided to resign immediately. "I made the bank," he said, "I made the mistake and was personally responsible for it. I didn't want to sit in the director's chair in this situation."

Now, Ludwig Poullain says that all he really wants is "some peace." But he must wait for the courts to determine his guilt or innocence. "The thing I've learned about this case is that it is like a small magnifying glass. Nothing is left of the person Poullain, just the spot at the heel," he said. "But I have to live with that. I can't change it."

## U.S. Leading Index Drops 0.1%

From Agency Dispatches  
WASHINGTON, July 31 — The U.S. leading indicator, a key government index designed to forecast the future of the economy, fell 0.1 percent seasonally adjusted 0.1 percent in June after a revised 0.3-percent rise in May, the Commerce Department said today.

The composite index (base 1967) stood at 140.9, 1.1 percent below a year earlier. It was at 141.1 in May. The May increase originally was estimated at 0.4 percent. The indicators dropped 2.1 percent in April, revised from 2 percent, and rose 0.3 percent in March.

The performance of the leading indicators index, supported administration and congressional projections that the nation's economy is in a mild recession.

The index is comprised of 12 components that, taken together, are utilized by economists to measure changes in general economic activity and to anticipate future changes in the business cycle. Of the 10 components available in time for computation in the June index, five declined and five advanced. The largest downward influence was the layoff rate in manufacturing, which rose to 1.3 percent in June from 1 percent in May.

Other downward influences were a shorter workweek, a drop in the volume of new orders placed with consumer goods manufacturers and their suppliers, faster delivery times, and a slower rise in key wholesale prices.

The biggest upward influence was a 17-percent increase in the volume of contracts and orders for new plant and equipment. Other upward influences were an increase in building permits issued, higher

stock prices, faster growth in liquid assets and an increase in the inflation-adjusted money supply.

The leading indicator declined 1.7 percent for the second quarter of the year after falling 0.2 percent in the first quarter. It was the first time that the index declined for two straight quarters since the period from October, 1974, through March, 1975.

The coincident indicator, which

is designed to move up or down simultaneously with economy activity, fell 0.5 percent in June after a 0.8-percent rise in May. The index (base 1967) stood at 144.8, 3.4 percent higher than a year earlier.

Lagging indicators, which tend to trail economic trends, rose 0.7 percent in June after a 0.4-percent rise in May. The index (base 1967) was at 163.5, 15.1 percent higher than a year earlier.

## Banking, Financial Issues Lead NYSE Prices Higher

From Agency Dispatches

NEW YORK, July 31 — Banking and financial issues were a feature of a broad gain in active trading New York Stock Exchange prices today as investors continued to respond positively to the nomination of Paul Volcker as Federal Reserve Board chairman.

The Dow Jones industrial average rose 7.68 to 846.42 and advanced led declines 998 to 463 as volume expanded to 34.36 million shares from 28.64 million yesterday.

Analysts said the bullish response was psychological and cautioned that underlying problems have not gone away.

Pan American World Airways was one of the most active NYSE-listed issue following block trades of 180,000 shares and 100,000 shares, both at 8.

British Petroleum was lower. The British Foreign Office said Nigeria was nationalizing BP's remaining 40 percent interest in oil in that nation because it had sold oil to South Africa.

Chrysler was under pressure at one time. The No. 3 automaker reported a \$207.1 million second-quarter loss. The Treasury expressed concern about Chrysler's financial plight.

IBM attracted attention. The company declared a dividend payment of 86 cents on split shares. This matches the \$3.44 a share dividend it paid before the 4-for-1 stock split.

Harnischfeger won support. Mannesmann, of West Germany, said it would begin its \$27.50-a-share tender offer for Harnischfeger on Aug. 9.

Arkansas Louisiana Gas was higher at one point. The company completed two confirmation wells in Custer County, Okla.

In other news, Bell Telephone said it received expressions of merger interest from numerous parties and that Mobil and Texaco are considering increasing their holdings in it.

Companies raising quarterly dividends included Sealed Air Corp to 11 cents from 10 cents. Natomas to 55 cents from 52 1/2 cents. American Brands to \$1.25 a share from \$1.125. Levi Strauss to 55 cents a share from 45 cents and Movie Star to 15 cents from 13 cents.

## Kuwait Reported Planning to Cut Oil Output 25%

KUWAIT, July 31 (UPI) — Kuwait plans to cut its oil production by 25 percent in anticipation of a drop in the demand for crude resulting from a world recession next year, Oil Ministry sources said today.

The sources said that the cutback would lower Kuwait's daily oil production from 2 million barrels to 1.5 million barrels.

The sources said that Kuwait's decision "is inspired by the prediction that the world will witness a recession next year, thus pushing down demand on crude oil and causing a surplus on the world market." They said that the decision also was "intended to postpone the depletion of the country's oil resources."

[Sources confirmed that the cut would take place next April, according to two Kuwaiti newspapers. Reuters reported today.]

## U.K. MCAs Seen Ending

BRUSSELS, July 31 (Reuters) — Britain's monetary compensatory amounts are expected to be abolished next Monday due to the strong rise of sterling on foreign exchange markets, European Economic Community sources said today. The decision is to be made tomorrow by the EEC Commission.

## News and Notes — Foreign-Held U.S. Banks 'Good Citizens'

By Judith Miller

WASHINGTON, July 31 (NYT) — Foreign-owned U.S. banks have on average steadily increased consumer-related investments and have made a higher percentage of consumer and mortgage loans than their U.S.-owned counterparts, according to a new Federal Reserve Board survey obtained by The New York Times.

"While certain neighborhoods may have suffered a loss of banking services and credit when banks went to foreign ownership, the preliminary data suggest that foreign owners are not presently cutting back on consumer loan services of the banks they acquire," said Rep. Benjamin Rosenthal, D-N.Y., chairman of a House subcommittee that has been investigating the impact of the recent surge of foreign bank-takeovers.

The new data, prepared in response to a request from the Rosenthal subcommittee, were to be explored in hearings by the House panel today.

In New York, consumer and mortgage loans in June, 1978, were 16 percent of all commercial banks' total loan and investments and 19.4 percent of individual and corporate deposits, the survey says. Foreign-controlled banks could account for 7.12 percent of New York state's consumer deposits if several pending acquisitions are approved.

Both of the largest foreign-held banks in New York, however, have larger consumer lending ratios than the statewide average.

The European American Bank and Trust, which purchased the Franklin National Bank and is owned by interests in a number of European countries, made almost 20 percent of its loans in 1978 in consumer and mortgage categories, up from 10.9 percent in 1973; 26.4 percent of individual and corporate deposits were spent on consumer and mortgage lending.

Similarly, British-owned Barclays Bank of New York invested 28.4 percent of its total loans in consumer and mortgage lending in 1978 and 29.1 percent of its total individual and corporate deposits in that category, almost double the statewide average.

As of 1973, Bank Leumi Trust, which is Israeli, made almost no consumer loans. Once it purchased the American Bank and Trust, however, it began making them. Last year, 7 percent of its total loans were in consumer categories, about the same percentage made by American Bank and Trust before its demise in September, 1976.

Only one New York bank, Venezuelan-owned Union Chelsea National Bank, substantially decreased its consumer and mortgage lending, from 15.4 percent of its total loans in 1976 to 6 percent in 1978. However, the bank is relatively small, with only \$41.7 in total deposits last year.

In California, where foreign-controlled banks account for 12.5 percent of the state's total consumer deposits — the highest percentage in the nation — foreign-acquired banks have also made larger investments in consumer loans than their U.S. counterparts.

Rep. Rosenthal said in an interview that he did not know what explained the attentiveness of foreign-owned banks to consumer and mortgage lending. However, he said it was "ascertained" that, before the subcommittee's request, the Fed had not studied the consumer impact of foreign takeovers.

Carol Greenwald, former Massachusetts banking superintendent and a witness at today's hearing, said she thought foreign-controlled banks were keeping their consumer-lending patterns high to "try to play the good corporate citizen in the short run to allay criticism of the takeovers." She added that she like many of her colleagues, still has reservations about the long-term implications of such takeovers.

Algeria Explains Cut In Crude Oil Exports  
ALGERIA, July 31 (Reuters) — Algeria's national oil company Sonatrach denied today reports that the country is selling oil on the spot market although it did say the country's oil exports had decreased from the second half of June.

In a communique carried by the Algerian News Agency, the company said it had explained to its clients, output increases proposed earlier this year could not materialize for technical reasons, adding it thus had to correct its export program in agreement with its customers.

On bullion markets, gold came in for a bout of heavy selling and ended the day substantially lower. At the end of the European day, the pound was quoted at \$2.2502, down from \$2.3130 late yesterday. In later trading, sterling was forced down to \$2.2400 before a slight recovery. In later U.S. trading, the pound was quoted at \$2.24, off one cent from its London close.

The dollar gained against most major currencies, although trading was relatively quiet. The dollar ended the day at 1.8325 Deutsche marks, up from 1.8315 late yesterday, and at 1.6582 Swiss francs, up from 1.6565.

Gold ended at \$298.50 an ounce, down from \$301.25 yesterday. However, the late price reflected a recovery from much lower levels during the day, when the metal was in the midst of a selling bout. It was fixed during the morning at \$295.35 and during the afternoon at \$296.45.

## Foreign-Held U.S. Banks 'Good Citizens'

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## Company Reports

Revenue, Profit in Millions  
In local currencies unless otherwise indicated

Company	1978	1977
<b>Intersub Electric Ind.</b>		
Revenue	576,640	538,070
Profit	24,590	23,710
Per Share	21.10	20.30
<b>Studebaker-Worthington</b>		
Revenue	1,107	1,037
Profit	43,300	42,300
Per Share	37.80	36.50
<b>States General Insurance</b>		
Revenue	470.20	418.90
Profit	47.44	37.19
Per Share	1.92	1.58
<b>Chrysler</b>		
Revenue	913.00	822.10
Profit	103.56	75.45
Per Share	103.56	75.45
<b>Foster Wheeler</b>		
Revenue	3,200	3,700
Profit	207.10	30.5
Per Share	6.500	6.700
<b>Warner-Lambert</b>		
Revenue	6,500	6,700
Profit	260.9	89.3
<b>Williams Companies</b>		
Revenue	481.5	375.2
Profit	12.08	10.18
Per Share	0.72	0.62
<b>Minerals &amp; Chemicals</b>		
Revenue	437.4	396.4
Profit	36.5	31.7
Per Share	2.03	1.75
<b>Southern Co.</b>		
Revenue	1,470	1,360
Profit	120.80	120.10
Per Share	6.72	6.61
<b>Greyhound</b>		
Revenue	1,210	1,110
Profit	35.07	19.71
Per Share	0.79	0.45
<b>Minerals &amp; Chemicals</b>		
Revenue	1,470	1,360
Profit	120.80	120.10
Per Share	6.72	6.61
<b>Southern Co.</b>		
Revenue	1,470	1,360
Profit	120.80	120.10
Per Share	6.72	6.61

## HARRY WINSTON

RARE JEWELS OF THE WORLD  
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## WINNING IN A PROSPEROUS RECESSION

Buy the stock everybody is afraid of, says WORLD INVESTOR'S GROUP OF COSTA RICA S.A. in a new report. And start with housing, says the study, because that's where a lot of Mid-East oil money will start to flow as a result of intensive studies which have classified the middle-class American home as the ultimate inflation hedge. The major U.S. home-building stock at only 5 times earnings is called for a turnaround along with key aerospace stocks (Lockheed, McDonnell and Rockwell) which represent the first industry to have pumped back up as recessionary pressures are counterbalanced by expenditures which sustain prosperity at strategic levels. To receive this and other reports from the "Switzerland of the West," send your name, address and phone number to:

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Telex: 2284 WIGSA

## البنك السعودي العالمي المحدود Saudi International Bank AL-BANK AL-SAUDI AL-ALAMI LIMITED

Extract from the Interim Balance Sheet at 30 June 1979

	30 June 1979	31 December 1978
Authorised share capital	50,000	50,000
Issued share capital	38,000	25,000
Reserves	2,913	2,763
Shareholders' funds	40,913	27,763
Deposits	549,933	447,929
Loans, less general provision	150,571	150,782
Total assets	606,487	487,664

### Highlights from the Executive Director's Interim Statement

During the first six months of 1979, the Shareholders' funds have increased to £40,913,000 from £27,763,000, and total assets to £606,487,000 from £487,664,000. The increase in Shareholders' funds was due to earnings generated in the six month period and to an increase in the paid up capital, of which £12,280,000 was subscribed for in cash by the Shareholders and the remaining £720,000 represents a bonus issue of shares. A banking subsidiary was formed in Nassau in March 1979 and has received its licence to operate.

The Saudi International Bond Fund, a unit trust, was established in Jersey and offers individual and institutional investors an opportunity to invest in an actively managed international bond portfolio.

The Bank's commercial banking and foreign exchange business continued to expand and earnings are well ahead of last year's at the same date.

With our particular expertise in Saudi Arabian business in continued demand, we are optimistic for the balance of this year.

### Board of Directors

H.E. Sheikh Mohammed Abulkhalil, Chairman  
Minister of Finance and National Economy of the Kingdom of Saudi Arabia  
Edgar C. Felton  
Executive Director and Chief Executive Officer  
H.E. Sheikh Khalid M. Algaissbi  
Vice-Governor of the Saudi Arabian Monetary Agency  
Dr. Mabsoun B. Jalal  
Vice-Chairman and Managing Director of the Saudi Fund for Development

### Shareholders

Saudi Arabian Monetary Agency, Riyad Bank, National Commercial Bank (Saudi Arabia), Morgan Guaranty Trust Company of New York, The Bank of Tokyo, Banque Nationale de Paris, Deutsche Bank, National Westminster Bank and Union Bank of Switzerland.

## The Bank with special expertise in Saudi Arabia

Copies of the Interim Balance Sheet at 30 June 1979 may be obtained from the Secretary, Saudi International Bank, 99 Bishopsgate, London EC2M 3TB. Telephone (01) 638 2323.







Tables include the nationwide prices up to the closing on Wall Street.

*All of these securities have been sold. This announcement appears as a matter of record only.*

**NEW ISSUE**

August 1, 1979

**U.S. \$100,000,000**

**BENEFICIAL OVERSEAS FINANCE N.V.**

**9¾% NOTES DUE JULY 15, 1987**

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Premium, if any, and Interest by**

**BENEFICIAL CORPORATION**

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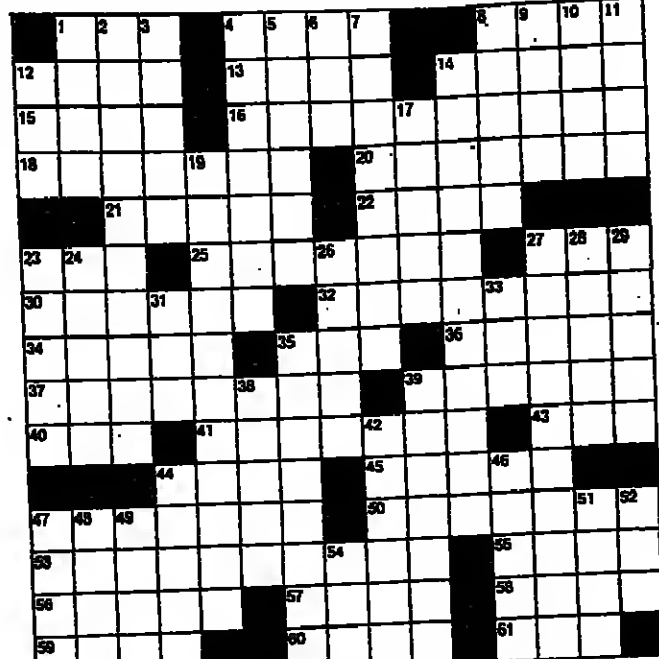
**Blyth Eastman Dillon & Co.**  
International Limited

<b>Amsterdam-Rotterdam Bank N.V.</b>	<b>Banque Bruxelles Lambert S.A.</b>
<b>Banque de l'Indochine et de Suez</b>	<b>Chemical Bank International</b> Limited
<b>Commerzbank</b> Aktiengesellschaft	<b>Credit Suisse First Boston</b> Limited
<b>European Banking Company</b> Limited	<b>Manufacturers Hanover</b> Limited
<b>Morgan Guaranty Ltd.</b>	<b>Société Générale de Banque S.A.</b>
<b>Westdeutsche Landesbank</b> Girozentrale	



## CROSSWORD

By Eugene T. Malaska



## ACROSS

- 1 Cleopatra's final agent  
4 Pintal duck  
12 Farthest from the wind side  
13 Cardinals, e.g.  
14 Like Kringle's milieu  
15 Kind of monster  
16 Coolant not needed in August  
18 Insult  
20 Carpenter of ring frame  
21 Planet, hound or god  
22 Ump's kin  
23 Outward appearance  
25 Hat trimming  
27 Thos. and Jas.  
30 Remain aboard  
32 On pins and needles  
34 One of a fabled 40  
35 This, in Tours  
36 Struthers or Field  
37 Dissembling  
39 Tawdler  
40 The—Gees, popular trio  
41 Smallest of the Great Lakes  
43 Cobb and Power, for short  
44 Sanctuaries, collection of saints' biographies

## DOWN

- 45 Ancient Asia Minor region  
47 Frogman's equipment  
50 Commotions; quarrels  
53 Mandarin oranges  
55 Operatic prince  
56 Sgt.'s superior  
57 Actor  
58 "Flyaway, fly!"  
59 "The—e knows—"  
60 Kipling  
62 Bearded, in botany  
63 Suburb of Brussels  
1 First Arabic letter  
2 Egotist's specialty  
3 White of early films  
4 Lincoln's Secretary of War  
5 Plato, to Aristotle  
6 "—, drink and be merry"  
7 "People of action"  
8 Shake— (hasten)  
9 Structure for a rat race  
10 Greek Mars  
11 Turkish title  
17 "—, cold, starve a fever"  
22 Take— at "try"  
24 "With this Ring—"  
26 City south of Florence  
27 Like many a hunt-and-peck typist  
28 Constable  
29 Eyelid inflammations  
31 Farmer, in Eng.  
33 Air Force female  
35 Island southwest of Los Angeles  
38 Prefix with cede or change  
39 With devoutness  
42 Triumph over all mischance  
44 Debate  
46 "—, wise father—"  
47 Battle site: 1944  
48 Indian otter  
49 Waller contents  
51 Expression of disdain  
52 "Rave!" notice  
54 Unused

## WEATHER

ALGAEVE	21	76	Sunny	MADRID	29	84	Sunny
AMSTERDAM	18	44	Sunny	MILAN	21	81	Cloudy
ANKARA	24	75	Sunny	MONTREAL	24	75	Cloudy
ATHENS	26	82	Sunny	MOSCOW	22	72	Cloudy
BEIRUT	32	90	Sunny	MUNICH	22	72	Cloudy
BELGRADE	32	90	Sunny	NEW YORK	22	72	Cloudy
BERLIN	32	90	Sunny	NICE	22	72	Cloudy
BIRMINGHAM	32	90	Sunny	OSLO	17	63	Relt
BUDAPEST	28	82	Sunny	PARIS	22	72	Cloudy
CASABLANCA	24	75	Sunny	PRAGUE	22	72	Cloudy
COPENHAGEN	19	44	Cloudy	ROME	22	72	Cloudy
COSTA DEL SOL	31	91	Sunny	STOCKHOLM	19	44	Overcast
DUBLIN	16	44	Cloudy	TEHRAN	37	99	Sunny
EDINBURGH	32	90	Cloudy	TEL AVIV	29	84	Sunny
FLORENCE	32	90	Cloudy	TOKYO	29	84	Sunny
FRANKFURT	22	77	Overcast	TUNIS	37	99	Sunny
GENEVA	21	76	Cloudy	WARSAW	29	84	Sunny
Helsinki	21	76	Cloudy	ZURICH	27	81	Sunny
HONGKONG	21	76	Cloudy				
ISTANBUL	21	76	Cloudy				
LAS PALMAS	21	76	Cloudy				
LONDON	21	76	Cloudy				
LOS ANGELES	21	76	Cloudy				

## INTERNATIONAL FUNDS

## ADVERTISEMENT

July 30, 1979

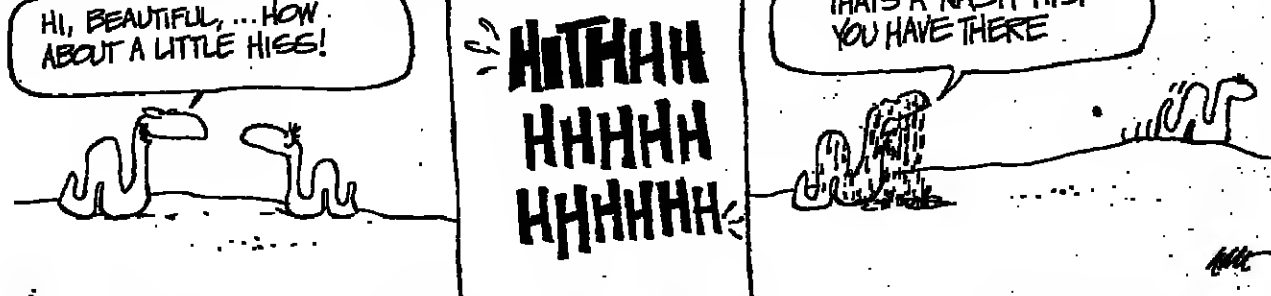
The net asset value quotations shown below are supplied by the Funds listed with the exception of some Swiss funds whose quotes are based on weekly prices. The following symbols indicate frequency of quotations supplied for the FIF: (d)—daily; (w)—weekly; (m)—monthly; (q)—quarterly; (y)—yearly.

BANK JULIUS BAER & CO. LTD.			
(d) Boerbond	SF 71.85	(w) Alexander Fund	\$7.93
(d) Carib	SF 65.00	(w) Arab Finance F.	\$1,002.84
(d) Carib	SF 65.00	(w) Arab Finance F.	\$1,002.84
(d) Carib	SF 65.00	(w) Arab Finance F.	\$1,002.84
BANQUE VON ERNST & CIE.			
(d) CEF Fund	SF 14.32	(w) Capital Rentinvest	\$1,141.29
(d) CEF Fund	SF 14.32	(w) Capital Rentinvest	\$1,141.29
(d) CEF Fund	SF 14.32	(w) Capital Rentinvest	\$1,141.29
BRITANNIA TRUST MGMT. CO. LTD.			
(d) Universal Dollar Fund	\$4.37	(w) Caribbean Fund	\$2.99
(d) Universal Dollar Fund	\$4.37	(w) Caribbean Fund	\$2.99
(d) Universal Dollar Fund	\$4.37	(w) Caribbean Fund	\$2.99
CAPITAL INVESTMENT FRANKFURT			
(w) Capital Invest. Fund	\$18.72	(w) Capital Invest. Fund	\$18.72
(w) Capital Invest. Fund	\$18.72	(w) Capital Invest. Fund	\$18.72
(w) Capital Invest. Fund	\$18.72	(w) Capital Invest. Fund	\$18.72
CREDIT SUISSE			
(d) Actions Suisse	SF 20.00	(w) Overseas Intercont.	\$1,138.00
(d) Actions Suisse	SF 20.00	(w) Overseas Intercont.	\$1,138.00
(d) Actions Suisse	SF 20.00	(w) Overseas Intercont.	\$1,138.00
OIT INVESTMENT FRANKFURT			
(d) Concorde	DM 45.00	(w) Global Invest. Fund	\$1,138.00
(d) Concorde	DM 45.00	(w) Global Invest. Fund	\$1,138.00
(d) Concorde	DM 45.00	(w) Global Invest. Fund	\$1,138.00
BANK OF AMERICA			
(d) America Fund	\$11.16	(w) Global Invest. Fund	\$1,138.00
(d) America Fund	\$11.16	(w) Global Invest. Fund	\$1,138.00
(d) America Fund	\$11.16	(w) Global Invest. Fund	\$1,138.00
JARDINE FLEMING			
(d) Jardine Japan Fund	\$9.77	(w) Global Invest. Fund	\$1,138.00
(d) Jardine Japan Fund	\$9.77	(w) Global Invest. Fund	\$1,138.00
(d) Jardine Japan Fund	\$9.77	(w) Global Invest. Fund	\$1,138.00
LLOYDS BANK INT. (P.O. Box 400) GENEVA			
(d) Lloyds Int'l Growth	SF 37.50	(w) Global Invest. Fund	\$1,138.00
(d) Lloyds Int'l Growth	SF 37.50	(w) Global Invest. Fund	\$1,138.00
(d) Lloyds Int'l Growth	SF 37.50	(w) Global Invest. Fund	\$1,138.00
ROTSCHILD ASSET MGMT. (Berne)			
(w) Reserve Assets Fd Ltd	\$18.00	(w) Global Invest. Fund	\$1,138.00
(w) Reserve Assets Fd Ltd	\$18.00	(w) Global Invest. Fund	\$1,138.00
(w) Reserve Assets Fd Ltd	\$18.00	(w) Global Invest. Fund	\$1,138.00
SOPRO GROUPE GENEVA			
(w) Parton Sw. R. Corp.	SF 103.00	(w) Global Invest. Fund	\$1,138.00
(w) Parton Sw. R. Corp.	SF 103.00	(w) Global Invest. Fund	\$1,138.00
(w) Parton Sw. R. Corp.	SF 103.00	(w) Global Invest. Fund	\$1,138.00
SWISS BANK CORP.			
(d) Swiss Bank Corp.	SF 71.85	(w) Global Invest. Fund	\$1,138.00
(d) Swiss Bank Corp.	SF 71.85	(w) Global Invest. Fund	\$1,138.00
(d) Swiss Bank Corp.	SF 71.85	(w) Global Invest. Fund	\$1,138.00
UNION BANK OF SWITZERLAND			
(d) Union Bank Corp.	SF 71.85	(w) Global Invest. Fund	\$1,138.00
(d) Union Bank Corp.	SF 71.85	(w) Global Invest. Fund	\$1,138.00
(d) Union Bank Corp.	SF 71.85	(w) Global Invest. Fund	\$1,138.00
UNION INVESTMENT FRANKFURT			
(d) Union Invest. Fund	DM 11.75	(w) Global Invest. Fund	\$1,138.00
(d) Union Invest. Fund	DM 11.75	(w) Global Invest. Fund	\$1,138.00
(d) Union Invest. Fund	DM 11.75	(w) Global Invest. Fund	\$1,138.00

## PEANUTS



## BLONDIE



## BEETLEBAILEY



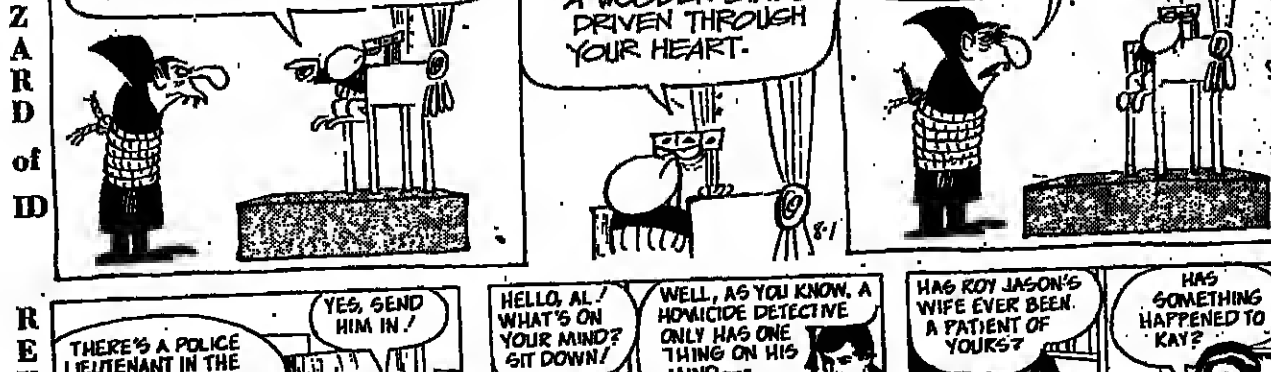
## ANDY CAPP



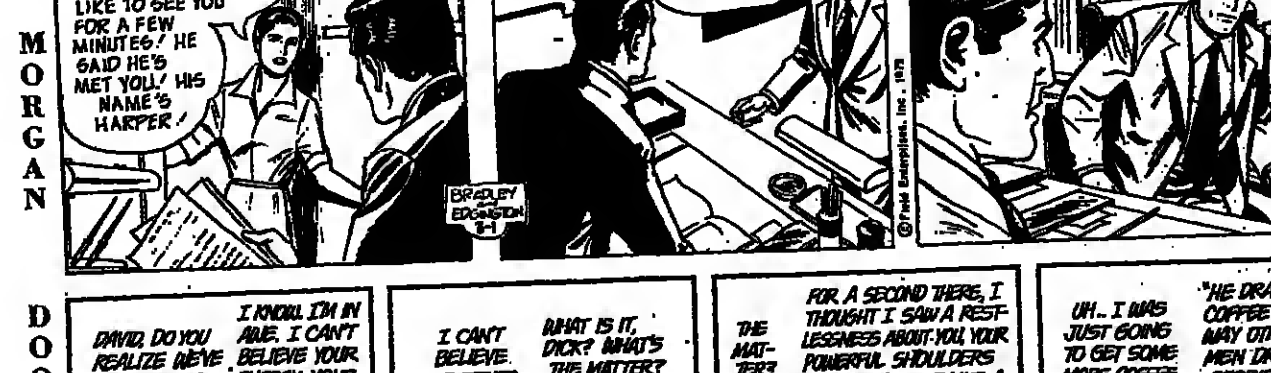
## WIZARD OF ID



## REX MORGAN



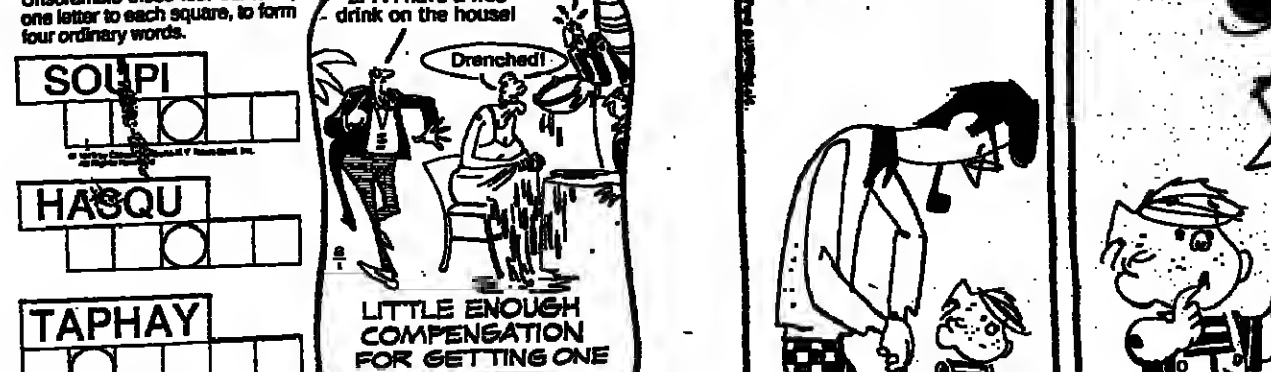
## DOONESBURY



## JUMBLE



## DENNIS THE MENACE



## BOOKS

## THE BLOOD OF PARADISE

By Stephen Goodwin. Dutton, 242 pp. \$8.95.

Reviewed by Anne Tyler

STEPHEN GOODWIN'S first novel, "Kin," was a story about a white Southerner who brought a black fellow-soldier home with him for a visit. Sometimes brittle, disturbingly edgy, it had, nevertheless, a ring of honesty and intelligence that suggested Stephen Goodwin was a writer to watch.

"The Blood of Paradise," his second novel, will strike Goodwin-watchers as a kind of flowering. It's not merely a step forward; it's a leap—a book that seems to take a story without any attempts to analyze or oversimplify, and the three characters at its center are so profoundly alive that whatever room you're reading this in will seem densely populated.

The hero is a man named Steadman—known only by his last name, and it suits him well. He is steady indeed, a solid person whom we trust instinctively. He has a wife named Anna who resembles a Modigliani painting, and a daughter, Maggie, who is wonderfully childlike—solemn and funny with a hint of a mischievous glint. One of the most touching things about the Steadmans is their grave (and entirely justified) admiration of their daughter. "Is her memory astonishing," Steadman asks his wife, "or just normal?"

"Both," Anna says.

This small family, as the book opens, is settling into an old farm in the mountains of Virginia. They hope to live off the land, eventually. Steadman, God willing, may even become a writer. They clean up the farmhouse, plant rows of vegetables, climb mountains, hunt. Work, here, is described with a kind of love and respect. No one since Larry Woiwode has realized so well the telling qualities of the perfectly detailed log, and the freshly sanded floor. And the natural world around them is so vivid you could scotch yourself on its trampoline bushes. It's not only the profuse blue sparkle of dew that you see, or the birds with their songs like "so many sweet drills loosening a glacial mass," but also the bloody births of lambs and calves, the stench and "green muck" of the livestock pens, and the rabid fox gnawing on his own scraped, wretched hide.

What keeps "The Blood of Paradise" from being too pastoral, too even-tempered, is the subtle tension between Steadman and his wife, Anna. Steadman, though a tolerant man, has his black moods and his fit of anger, and Anna is more seriously disturbed. She suffers from a constant sense of dread. She traces her problems to the fact that she is a twin—one of the half-believed, a single notion of contentment she experiences a moment stolen from her restless, bitter, sister. Anna walks a very thin edge through much of this book, and there are times when she nearly topples over. "Why is everything worse for you than for anybody else?" her husband asks her. We share his annoyance; she makes us nervous, and any untroubled thought she has comes as a great relief to us. But she is also the secret of this book's vitality. She is the fine, spiky wire running beneath Steadman's

## Best Seller

The New York Times  
This list is based on reports from at least 1,400 bookstores throughout the United States. It is not necessarily a list of best-selling books.

1. THE COMPLETE SCARS OF DALE MEDICAL by Robert Ludlum  
2. THE COMPLETE SCARS OF DALE MEDICAL by Robert Ludlum  
3. THE COMPLETE SCARS OF DALE MEDICAL by Robert Ludlum  
4. THE COMPLETE SCARS OF DALE MEDICAL by Robert Ludlum  
5. THE COMPLETE SCARS OF DALE MEDICAL by Robert Ludlum  
6. THE COMPLETE SCARS OF DALE MEDICAL by Robert Ludlum  
7. THE COMPLETE SCARS OF DALE MEDICAL by Robert Ludlum  
8. THE COMPLETE SCARS OF DALE MEDICAL by Robert Ludlum  
9. THE COMPLETE SCARS OF DALE MEDICAL by Robert Ludlum  
10. THE COMPLETE SCARS OF DALE MEDICAL by Robert Ludlum  
11. THE COMPLETE SCARS OF DALE MEDICAL by Robert Ludlum  
12. THE COMPLETE SCARS OF DALE MEDICAL by Robert Ludlum  
13. THE COMPLETE SCARS OF DALE MEDICAL by Robert Ludlum  
14. THE COMPLETE SCARS OF DALE MEDICAL by Robert Ludlum  
15. THE COMPLETE SCARS OF DALE MEDICAL by Robert Ludlum

## Solution to Previous Puzzle

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## 2-1 Over Brewers

# Orioles Win Behind Stone

BAKERSFIELD, July 31 (UPI) — Stone allowed only one hit in six innings — a one-out home run by Moore in the third — and Al Bumbry hit a two-run homer in the sixth to lead the Baltimore Orioles to a 2-1 victory over the Milwaukee Brewers.

Stone struck out nine batters and walked one to record his second shutout in his last three starts.

**Twins 3, A's 0**  
In Oakland, Dave Goltz pitched Minnesota's first complete game shutout of the season and Ken Landrum doubled home two runs to lead the Twins over Oakland, 3-0.

**Giants 8, Astros 0**  
In the National League, at Houston, Bob Knepper pitched a five-hit shutout and drove in four runs to lead San Francisco to an 8-0 victory over Houston. The Astros led second-place Cincinnati by 2 1/2 games and the Giants by 7 1/2.

**Pirates 8, Mets 5**  
In Pittsburgh, Ed Ott's eighth-inning single snapped a 5-5 tie and Tim Lincecum had four runs to lead San Francisco to an 8-0 victory over Houston. The Astros led second-place Cincinnati by 2 1/2 games and the Giants by 7 1/2.

**Indians 6, Red Sox 5**  
Cleveland, Bobby Bonds hit three runs, with a home run, sacrifice fly and Gary Alexander's tie-breaking solo home run helping Cleveland stretch its winning streak to eight games, 6-5 victory over Boston.

**Royals 9, Blue Jays 0**  
Kansas City, Larry Gura struck in three runs to lead the Royals to a 9-0 victory over Toronto. Gura set down the final batter in a row to record his 10th straight victory and first shutout since his record at 7-7.

**Angels 7, White Sox 2**  
Chicago, Willie Randolph's added triple triggered a fifth-inning home run by New York, 7-2. Tommy John up his 14th victory against the White Sox by hitting the three innings to register his 14th.

**Tigers 6, Rangers 4**  
Arlington, Texas, Alvin Williams hit a sacrifice fly, broke an inning tie and lifted Detroit, 6-4. John Wockenauer, a home run by the Tigers and a sacrifice fly by the Rangers.

**Mariners 8, Angels 0**  
Seattle, Calif., Mike Patton hit a four-run homer and Willie Hernandez hit a sacrifice fly to lead the Mariners to a 8-0 victory over California. Parrott (9-7).

**Major League Standings**

NATIONAL LEAGUE	East	West
1. St. Louis	54-45	54-45
2. Cincinnati	53-46	53-46
3. Pittsburgh	52-47	52-47
4. Philadelphia	51-48	51-48
5. Milwaukee	50-49	50-49
6. New York	49-50	49-50
7. Los Angeles	48-51	48-51
8. San Francisco	47-52	47-52
9. Houston	46-53	46-53
10. Atlanta	45-54	45-54
11. Chicago	44-55	44-55
12. Montreal	43-56	43-56
13. San Diego	42-57	42-57
14. New Orleans	41-58	41-58
15. Texas	40-59	40-59
16. Kansas City	39-60	39-60
17. Baltimore	38-61	38-61
18. Cleveland	37-62	37-62
19. Detroit	36-63	36-63
20. Seattle	35-64	35-64

AMERICAN LEAGUE	East	West
1. Baltimore	54-45	54-45
2. New York	53-46	53-46
3. Oakland	52-47	52-47
4. Toronto	51-48	51-48
5. Kansas City	50-49	50-49
6. Minnesota	49-50	49-50
7. Detroit	48-51	48-51
8. Cleveland	47-52	47-52
9. Chicago	46-53	46-53
10. Milwaukee	45-54	45-54
11. Seattle	44-55	44-55
12. Los Angeles	43-56	43-56
13. Texas	42-57	42-57
14. California	41-58	41-58
15. Houston	40-59	40-59
16. Philadelphia	39-60	39-60
17. St. Louis	38-61	38-61
18. Cincinnati	37-62	37-62
19. Pittsburgh	36-63	36-63
20. San Francisco	35-64	35-64

**Monday's Baseball Line Scores**

AMERICAN LEAGUE	Score
Angels 5, Yankees 1	5-1
Brewers 1, Orioles 2	1-2
Red Sox 5, Indians 6	5-6
Rangers 4, Tigers 6	4-6
Mariners 8, Angels 0	8-0
White Sox 2, Angels 7	2-7
Blue Jays 0, Royals 9	0-9
Padres 1, Yankees 2	1-2
Mariners 8, Angels 0	8-0
White Sox 2, Angels 7	2-7
Blue Jays 0, Royals 9	0-9
Padres 1, Yankees 2	1-2

NATIONAL LEAGUE	Score
Indians 6, Red Sox 5	6-5
Rangers 4, Tigers 6	4-6
Mariners 8, Angels 0	8-0
White Sox 2, Angels 7	2-7
Blue Jays 0, Royals 9	0-9
Padres 1, Yankees 2	1-2
Mariners 8, Angels 0	8-0
White Sox 2, Angels 7	2-7
Blue Jays 0, Royals 9	0-9
Padres 1, Yankees 2	1-2

**Yankees Deal Away Rivers to Rangers**

By Deane McGowan  
CHICAGO, July 31 (UPI) — Mickey Rivers, the Yankees' fleet outfielder, was traded to the Texas Rangers yesterday for three minor league players and a player to be named later.

The trade is in the interest of trying to create an atmosphere of discipline, said Eddie Tolan, the Yankees vice-president and general manager. "We're trying to make it easier for Billy Martin to control the team. We made the trade. It is a forward and constructive step."

Martin, who arrived at Comiskey Park about 5:30 p.m., said: "We'll miss Rivers. We always tried to help him as much as we could. It's a shame he had to go because he played real good baseball for me. He was a great offensive player at bat and on the bases."

John Benitez, who just came off the disabled list, was named to replace Rivers in center field. Reggie Jackson, questioned about the Rivers trade, said: "I'm sure they had their reasons to get rid of him. I think I know some of the reasons, but I don't care to comment any more than that."

Last Thursday in New York, Rivers' name was on the lineup card for the game against California, but he did not get to the ball park until just before game time and Martin had to scratch him from the lineup. Bobby Murcer took his place in center field.

"I'm not upset," Rivers said. "Why should I be? I'll miss the guys on this club, but I'm happy about the trade. I've been traded before. It's part of the game."

In three championship playoff series, Rivers had a .386 batting average and batted 39 times in the outfield without an error. In the World Series, Rivers batted .238 and made no errors in 46 chances.

In three full seasons in New York, Rivers batted .312, .326 and .265 and was hitting .287 this season.

The Yankees will receive Domingo Ramos, a shortstop sent by New York to Texas in the Sparky Lyle-Juan Benitez trade, and Mike Hart and Gary Gray, both of whom play first base and the outfield.

Hart and Gray are playing for Tucson, the Rangers' Triple-A farm team, and they will finish the season there before reporting to the Yankees. Ramos, on loan by Texas to Toronto's Syracuse farm club, will report to the Yankees' top farm team, Columbus of the International League.

**For Holmes**  
ADELPHI, July 31 (AP) — Holmes, the World Boxer heavyweight champion, will undergo surgery here for removal of a nonmalignant tumor from his vocal chords.

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